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SAN FRANCISCO PORT COMMISSION

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Kimberly Brandon, Vice President
Willie Adams, Commissioner
Leslie Katz, Commissioner
Mel Murphy, Commissioner

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Phone: 415-274-0406; Fax 415-274-0412

AGENDA **TUESDAY, JUNE 11, 2013** **2:00 CLOSED SESSION** **3:15 P.M. OPEN SESSION**

PORT COMMISSION HEARING ROOM, SECOND FLOOR FERRY BUILDING, SAN FRANCISCO CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Port Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk. If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's Office located at Pier 1 during normal office hours.

06-07-13 02:52 REVO

1. **CALL TO ORDER / ROLL CALL**
2. **APPROVAL OF MINUTES – May 28, 2013**
3. **PUBLIC COMMENT ON EXECUTIVE SESSION**
4. **EXECUTIVE SESSION**

A. Vote on whether to hold closed session.

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER

- a. Discuss existing litigation matter pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d): (Discussion Item)

- *Ferry Building Investors, LLC and Ferry Building Associates, LLC v. San Francisco Port Commission; Board of Supervisors of the City and County of San Francisco, et al.*; Superior Court of California, County of San Francisco (Case No. CPF 12-512355), filed July 20, 2012.

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- (2) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. *This session is closed to any non-City/Port representative:

- a. Property: 295 Terry Francois adjacent to Pier 48
Person Negotiating: Port: Susan Reynolds, Real Estate Director
*Negotiating Party: East Street SF: John Cain

Under Negotiations: ____ Price ____ Terms of Payment ☒ Both
Pursuant to Resolution No. 12-63, on August 14, 2012, the Port Commission approved the issuance of a Request for Proposal ("RFP") for the development and the operation of a restaurant site located at 295 Terry Francois Blvd (the "Site"). Port staff is negotiating the terms of a restaurant lease with East Street SF for the site. In this Executive Session, the Port's negotiators will discuss the lease terms as negotiated by Port staff and seek direction from the Port Commission regarding price and terms of payment, including term, rent structure, improvements, rent credits and other factors affecting the form, manner and timing of payment of the consideration for the lease in order to enhance the capacity of the Port Commission during its public deliberations and actions to set the price and payment terms that are most likely to maximize the benefits to the Port, the City and the People of the State of California.

- b. Property: Piers 30/32 and Seawall Lot 330
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development and Brad Benson, Special Projects Manager
OEWD: Jennifer Matz
*Negotiating Party: Golden State Warriors and GSW Arena LLC: Rick Welts, Ellen Warner, Jesse Blout, Michael Cohen

Under Negotiations: ____ Price ____ Terms of Payment ☒ Both
Pursuant to Resolution No. 12-61, the Port Commission awarded GSW Arena LLC an exclusive negotiation agreement for the potential lease, disposition and development of real property interests in Piers 30-32 and Seawall Lot 330. In this executive session, the Port's negotiators seek direction from the Port Commission regarding price and/or terms of payment, including rent structure, financing mechanisms and other factors affecting the form, manner and timing of payment of the consideration for the property interests. The executive session will enhance the capacity of the Port Commission during its public deliberations and actions to set the price and payment terms that are most likely to maximize the benefits to the Port, the City and the People of the State of California.

5. RECONVENE IN OPEN SESSION

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67-12.
- B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. PLEDGE OF ALLEGIANCE

7. ANNOUNCEMENTS

- A. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting: Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.
- B. Announcement of Time Allotment for Public Comments: Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

8. PUBLIC COMMENT PERIOD ON ITEMS NOT LISTED ON THE AGENDA

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during Public Comment Period. A member of the public has up to three minutes to make pertinent public comments. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406. No Commission action can be taken on any matter raised during the public comment period for items not listed on the agenda other than to schedule the matter for a future agenda, refer the matter to staff for investigation or respond briefly to statements made or questions posed by members of the public. (Government Code Section 54954.2(a))

9. EXECUTIVE

- A. Executive Director's Report
 - Jefferson Streetscape Improvement Project Ribbon Cutting Ceremony – June 20, 2013 at 12 p.m. @ Jefferson/Leavenworth Streets, Fisherman's Wharf
 - Port sponsorship of Bayview's Third on 3rd Street celebration - June 20, 2013 5:30 to 8:00 p.m.
 - Port to host Central and Northern California Ocean Observing System's Governing Council Meeting – July 16, 2013 at 8 a.m. at Pier 1

- 34th America's Cup Opening with 2013 Louis Vuitton Cup Races in San Francisco and People Plan Update – July 4 to August 30, 2013

- B. Informational presentation celebrating the Port's Achievements: Habitat Enhancement and Stewardship Program.

10. CONSENT

- A. Request authorization to enter into a cost-sharing agreement with the U.S. Army Corps of Engineers for a feasibility study of federal dredging of the Port's Central Basin near Pier 70. (Resolution No. 13-23)
- B. Request approval of the Fiscal Year 2013-14 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, Special Event and Filming Rates. (Resolution No. 13-24)

11. PLANNING & DEVELOPMENT

- A. Informational presentation introducing the respondents to the Request for Proposals for the Pier 38 Bulkhead Rehabilitation project, located at Delancey Street and The Embarcadero.
- B. Request authorization to commence Pier 27 James R. Herman Cruise Terminal Management Agreement negotiations with Metro Cruise Services, LLC in accordance with Chapter 21 of the City's Administrative Code and the Port's Request for Proposals. (Resolution No. 13-25)

12. NEW BUSINESS

13. ADJOURNMENT

**FORWARD CALENDAR
(TARGETED COMMISSION MEETING, SUBJECT TO CHANGE)**

JULY 9, 2013

	FACILITY/POLICY	ITEM	TITLE
1	Brannan Street Wharf	Informational	Update regarding the Brannan Street Wharf project, located along the Embarcadero Promenade between Pier 30-32 and Pier 38 at Brannan Street
2	Portwide	Informational	Presentation by San Francisco Municipal Transportation Agency on Waterfront Transportation Assessment
3	Portwide	Informational	Presentation by Department of City Planning on waterfront planning and urban design and the consistency of the proposed Pier 30-32 project
4	Portwide	Informational	Presentation celebrating the Port's open space system
5	Piers 27-29	Informational	Presentation on Pilot Donor Program for the Port of San Francisco at Piers 27-29
6	295 Terry Francois Boulevard	Action	Approval of a Retail Lease No. L-15255 between the Port of San Francisco and East Street San Francisco, a Limited Liability Company for a term of 15 years, with one (1) five-year renewal option for the development and the operation of the restaurant site located at 295 Terry Francois Boulevard, subject to the Board of Supervisors' approval
7	Southern Waterfront	Action	Authorization to Award Construction Contract No. 2761, Blue Greenway Signage Project
8	Portwide	Action	Approval to enter into agreements with the San Francisco Municipal Transportation Agency and the regional bike share program operator to use Port property for the Bay Area Regional Bike Share Pilot Program

AUGUST 13, 2013

	FACILITY/POLICY	ITEM	TITLE
1	Pier 70	Informational	Presentation on the Pier 70 Crane Cove Park Master Plan, Phasing Plan and Cost Estimate
2	Portwide	Informational	Presentation on the Port of San Francisco's Leasing Practices
3	Fisherman's Wharf	Informational	Presentation on Commercial Fishing and Fish Processing Business at the Port of San Francisco
4	Portwide	Action	Authorization to award the contract for As-

			Needed Environmental and related Professional Services for three contracts at \$1 million each, totaling \$3 million
5	Portwide	Action	Authorization to enter into a four year contract with the San Francisco Conservation Corps (SFCC) for the Port's Youth Employment Program in the total amount of \$1,060,000, subject to annual funding appropriation of \$265,000
6	Fisherman's Wharf	Action	Approval of a resolution replacing Port Commission Resolution 95-56 to approve street artists spaces for the Fisherman's Wharf area under the City's Street Artist Program and adopting conditions and limitations on such use
7	Fisherman's Wharf	Action	Approval of an amendment to the Street Performer Program for the Fisherman's Wharf area
8	Portwide	Action	Accept the Port's Report on Contracting Activities for Fiscal Year 2012-13 (July 1, 2012 through June 30, 2013)

SEPTEMBER 10, 2013

	FACILITY/POLICY	ITEM	TITLE
1	Pier 27	Informational	Presentation describing business models for comparable North American cruise terminals

SEPTEMBER 24, 2013

	FACILITY/POLICY	ITEM	TITLE
1	Pier 27	Action	Approval of the James R. Herman Cruise Terminal Management Agreement with the highest ranked management team

OCTOBER 8, 2013

	FACILITY/POLICY	ITEM	TITLE
1	Seawall Lot 337	Informational	Update on the mixed-use development project for Seawall Lot 337 and Pier 48 bounded by China Basin Channel, Third Street, Mission Rock Street, and San Francisco Bay and adjacent to AT&T Park

OCTOBER 22, 2013

	FACILITY/POLICY	ITEM	TITLE
1	Pier 70	Informational	Update on the mixed-use development project for the Pier 70 Waterfront Site, bordered generally by 20 th Street, Michigan Street, 22 nd Street and the San Francisco Bay

DATE TO BE DETERMINED

	FACILITY/POLICY	ITEM	TITLE
1	South Beach	Action	Port Commission's consideration of agreements between the Port Commission and the Successor Agency to mutually terminate 13 ground leases in the South Beach project area and set business terms for the transfer of the South Beach Harbor Program
2	SWL 351	Action	Approval of resolution recommending that the Board of Supervisors form a City and County Infrastructure District No. 2 and adopt the Infrastructure Financing Plan included in Appendix C which will capture tax increment from the Seawall Lot 351 project (commonly known as the 8 Washington Street project) for site open space improvements, the Cruise Terminal project, under-pier utilities and pier substructure repairs; and authorizing the Port's Executive Director to enter into a Memorandum of Understanding with the City and County of San Francisco acting through the Controller's Office to implement the District
3	Portwide	Action	Approval to award the Hazardous Waste contract
4	Heron's Head Park at Cargo and Jennings Street	Action	Authorization to Negotiate and Execute a Mutual Termination Agreement with Literacy for Environmental Justice for Termination of Lease L-13816, which includes the "EcoCenter at Heron's Head Park" and surrounding 6,058 square feet of non-exclusive license area, subject to Board of Supervisors' approval of the Mutual Termination Agreement

COMMUNICATIONS TO PORT COMMISSION

From May 24 - June 6, 2013

- From the San Francisco Bicycle Coalition, invitation to the 21st Annual Golden Wheel Awards, June 20, 2013 at 6:30 p.m. at Hotel Whitcomb, 1231 Market Street in San Francisco
- From Monique Moyer to Chris Meany of Wilson Meany, letter of condolence for business partner, William Wilson
- From Monique Moyer to Patricia Wilson, letter of condolence to widow of William Wilson, founder of Wilson Meany
- From David Hunt, Executive Director of Association of Pacific Ports, invitation to the APP's 100th Annual Conference on August 4-7, 2013 at Sofitel Hotel in San Francisco

JULY/AUGUST/SEPTEMBER 2013
CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC

DATE	TIME	GROUP	LOCATION
July 9	2:00 PM Closed Session	Port Commission	Port Commission Hearing Room at the Ferry Building
	3:15 PM Open Session	Port Commission	Port Commission Hearing Room at the Ferry Building
Aug. 13	2:00 PM Closed Session	Port Commission	Port Commission Hearing Room at the Ferry Building
	3:15 PM Open Session	Port Commission	Port Commission Hearing Room at the Ferry Building
Sept. 10	2:00 PM Closed Session	Port Commission	Port Commission Hearing Room at the Ferry Building
	3:15 PM Open Session	Port Commission	Port Commission Hearing Room at the Ferry Building
Sept. 24	2:00 PM Closed Session	Port Commission	Port Commission Hearing Room at the Ferry Building
	3:15 PM Open Session	Port Commission	Port Commission Hearing Room at the Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. The Port Commission meetings can be viewed online at http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=92. The Port Commission meetings are also broadcasted on the 2nd & 4th Thursday of the month at 9 p.m. on Comcast Cable Channel 26 or Astound Cable Channel 78 (formerly RCN Cable). Contact Amy Quesada at 274-0406 or amy.quesada@sfport.com

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Rip Malloy @ 274-0267 or rip.malloy@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets every other month, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets on the second Thursday of the month at 5:00 p.m. in the Creek Room at Mission Creek Senior Building located at 225 Berry Street in San Francisco (along the Promenade just beyond the library.) Contact Catherine Reilly at the former Redevelopment Agency @ 749-2516 or catherine.reilly@sfgov.org

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or jonathan.stern@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

ACCESSIBLE MEETING INFORMATION POLICY

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots: 3 spaces in the surface lot on the west side of the Embarcadero at Washington Street.

Hourly and valet parking is available in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa. Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Sections 67.1 et seq. of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Chris Rustom by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at soft@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Rustom or by printing Sections 67.1 et seq. of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine>.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.



MEMORANDUM

June 7, 2013

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Willie Adams
Hon. Leslie Katz
Hon. Mel Murphy

FROM: Monique Moyer *M. Moyer*
Executive Director

SUBJECT: Informational presentation celebrating the Port's Achievements: Habitat Enhancement and Stewardship Program

DIRECTOR'S RECOMMENDATION: Informational Only – No Action Required

Executive Summary

On April 24, 2013, the Port of San Francisco marked 150 years since its founding by Legislative action of the State of California. As part of the Port's year-long celebration, at one Port Commission meeting per month, staff will make a presentation highlighting a unique aspect of the many public benefits and contributions the Port makes to San Francisco and the Bay region. The first presentation will showcase the Port's Habitat Enhancement and Stewardship Program. It is an introduction to the Port's wetland habitat sites in the Southern Waterfront, from Mission Creek southward to India Basin which consist of Mission Creek Shoreline, Pier 94 Wetlands and Heron's Head Park. Next month's item will celebrate the Port's open space system in the northern and central waterfronts.

The Port is extremely proud of its habitat enhancement program and the great benefits it gives to both the Bay and the neighborhoods along our waterfront. The Port's habitat enhancement efforts began in the early 1990s as its land uses were evolving and government agencies and the public were becoming more aware of the opportunities for and benefits of habitat restoration. Twenty years later, the benefits are very clear and positively affect numerous human and animal lives.

Due to its unique geography and development history, the Port has had the opportunity to improve and support shoreline habitat, particularly tidal salt marsh, along its southern

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waterfront as shown on Exhibit A, *Port Waterfront Habitat Sites*. These natural shoreline areas along Mission Creek, the northeast shoreline of Pier 94, and Heron's Head Park, are essential to resident and migratory birds, and offer valuable recreation and educational opportunities to thousands of visitors each year. Each of the Port's habitat areas is supported by dedicated partners who serve as stewards of shoreline habitat, and have lead or supported efforts to enhance and maintain shoreline habitat. The Port has also invested its resources to provide programs that enable public participation in habitat stewardship at Heron's Head Park. Habitat enhancement connects the Port with key partners who sustain the Port's programs.

Introduction

The Port of San Francisco's seven mile waterfront is a valuable public resource. San Francisco is unusual among its counterparts due to the immediate proximity of its waterfront to a highly urbanized mix of densely populated commercial, industrial, recreational and residential areas. As a result, waterfront open space and public access is a major element of the Port's mission, along with promoting maritime, commerce, recreation and strong environmental stewardship values. The Port's Waterfront Land Use Plan (Waterfront Plan) embodies the adopted policies that guide the balance of these diverse land use activities, and gives special attention to the creation of an interconnected waterfront open space system that extends from Fisherman's Wharf to India Basin.

Since 1997, the Port has worked to create a network of diverse types of waterfront public open spaces. This open space network is both continuous and connected by walkways that allow pedestrians to experience a major open space every five to seven minutes walking distance. The open space network will be connection points that reach into and engage residents and workers from the City's diverse neighborhoods and districts, and visitors from around the world.

The Port's waterfront open spaces vary in character, largely related to the physical form of the waterfront edge. From Fisherman's Wharf to just south of AT&T Park, the waterfront is a built edge supported by a seawall and pile-supported pier decks and structures, such as the Northeast Wharf Plaza at Pier 27 or the public access piers at Piers 7 and 14. Further south, the seawall ends, revealing a solid land form that meets the water. Some of this shoreline is reinforced with rip rap to protect against tidal erosion, such as along the recently improved Mission Bay Shoreline. Other areas remain unreinforced, giving way to natural forces that promulgate the creation of natural shoreline habitat.

Most of the shoreline of San Francisco Bay (the Bay) was once vast expanses of tidal wetlands, or "salt marsh", which provided spawning and nursery habitat for fish and invertebrates, and foraging, roosting, and nesting habitat for birds. Wetlands are an important source of the plant biomass that provides food to the Bay. Wetlands play a key role in water quality, by trapping sediment and filtering metals and other contaminants. With development surrounding the Bay, more than 90% of the historic wetlands on the Bay have been lost. Consequently, major efforts have been made in

recent decades, and continue throughout the Bay area to protect and restore tidal wetlands and improve habitat quality.

Within the City of San Francisco, opportunities for habitat restoration are limited. However, San Francisco is blessed with an active and engaged citizenry, which is physically closer to and more involved in public access to port land than most. As a consequence, the Port has had partners in pursuit of opportunities to preserve and enhance habitat for plants and wildlife, and enjoys the public support dedicated to the stewardship¹ of these habitat areas. The Port's wetland habitat sites reside in the southern waterfront, from Mission Creek southward to India Basin and consist of Mission Creek Shoreline, Pier 94 Wetlands and Heron's Head Park. Each is described more fully below and identified in Exhibit A hereto.

Mission Creek Shoreline

Shoreline habitat restoration along Mission Creek is a beautiful example of public participation in habitat preservation and enhancement on a small scale. Mission Creek runs along the southern edge of AT&T Park and the northern edge of Seawall Lot 337. Portions of the shoreline are reinforced with concrete riprap, which controls erosion from the creek banks but provides little value to plants or wildlife. However several thousand feet of shoreline along both the north and south sides of Mission Creek support more natural vegetation. This slice of habitat, part of Mission Creek's Huffaker Park, owes its existence to the early efforts and on-going stewardship by the Mission Creek Conservancy. The Mission Creek Conservancy is a non-profit organization founded in 1983 by the Mission Creek Harbor Association and several environmental organizations in response to development planned by Catellus Development Corporation (Catellus). With Mission Creek Conservancy's advocacy, Catellus embraced the goal of preserving and enhancing habitat within its development.

The Mission Creek Conservancy continues to work with Mission Bay developers and community members to establish and maintain shoreline habitat. Volunteers have established and tended plants indigenous to Bay shorelines, as well as other species of flowering non-native plants selected to provide butterfly and bee habitat. Work has been supported by funding from the San Francisco Estuary Institute and San Francisco Beautiful. The creek and shoreline habitat support more than 100 species of birds, 10 species of butterflies, and wildlife such as sea lions, seals, fish, and invertebrates.

Pier 94 Wetlands

The wetlands at Pier 94 are another example of accomplishment through collaboration between the Port, its tenants, and dedicated environmental advocates. Approximately five acres of tidal salt marsh lie between Hanson Aggregates' sand handling yard at Pier 92, and the paved Pier 94 facility. There is an additional 2.5 acres of adjacent upland area that serves as a buffer between the wetlands and adjacent industrial operations.

¹ "Stewardship" refers to responsible use and protection of a resource, in this case the natural environment, entrusted to one's care.

Like much of the Port's waterfront land, Pier 94 was created by placing fill in the Bay, with the original intent to construct maritime facilities. During fill placement in the 1970s, a substantial portion of the fill slumped, rendering it structurally unsound, and construction ceased. Over time, with regular tidal inundation, wetlands developed over the shoreline and lower elevation fill. Due to the content of the fill itself, the wetlands included piles of concrete, asphalt and tires in some areas, and dense wetland vegetation and valuable tidal pond habitat in others. Although small (approximately five acres), the wetlands at Pier 94 provide habitat along the otherwise industrial portion of San Francisco's shoreline, and attract many bird species.

In 2006, with funding from the Port, the San Francisco Bay Natural Resource Protection Trust², and the California State Coastal Conservancy, the Port undertook construction to enhance habitat by removing debris and large infestations of non-native plants from the wetlands, placing a sand berm to attenuate wave and storm surge impact, and grading to expand wetland acreage and improve tidal circulation.

From conception, the Golden Gate Audubon Society has advanced wetlands restoration at Pier 94 and advocated in support of the Port's efforts to secure funding, implement the improvements, and monitor the outcome. The Golden Gate Audubon Society informally "adopted" the site with its first volunteer work day on Earth Day 2002. The Golden Gate Audubon society has since collaborated with the Port to perform required monitoring and stewardship, and continues to host environmental education programs and regular volunteer work days at Pier 94. Golden Gate Audubon Society's staff and volunteers have dedicated innumerable hours to plant native marsh species, remove invasive species, collect garbage, and educate visitors to Pier 94. The health of the wetland habitat at Pier 94 is a credit to their commitment.

In conjunction with the 2006 habitat enhancement project, the Port designated a 100 to 300 foot wide "buffer zone" along the upland edge, between the wetlands and the adjacent industrial tenants. The Port's original habitat enhancement project included an effort to seed the buffer zone with native grasses. However, the grass did not thrive, primarily because the fill material that comprises the soil is very poor quality for supporting plant life.

Currently, the buffer zone is sparsely vegetated, predominantly with non-native weedy species such as pampas grass, fennel and thistle. The Golden Gate Audubon Society recently obtained grant funds from the California Natural Resources Agency and material donated by adjacent Port tenant Hanson Aggregates. The project will place soil and revegetate the upland with native species typical of coastal wetlands in a more natural environment. In December 2012, the Port Commission authorized execution of a license to Golden Gate Audubon Society to enable this work. Soil placement and will be completed in summer 2013; planting will begin in fall 2013 and occur in phases over the next couple of years.

²The San Francisco Bay Natural Resources Protection Trust was a fund created by the natural resources damage settlement from the 1996 SS Cape Mohican oil spill.

Heron's Head Park

Heron's Head Park is located at the southern end of the Port's waterfront, just north of Hunter's Point and India Basin, northeast of the India Basin Industrial Park and south of Pier 96. Heron's Head Park is the largest and most publicly celebrated of the Port's habitat enhancement sites. It is built on fill that the Port placed in the Bay in the early 1970s with plans to construct "Pier 98", a new shipping terminal. The Port subsequently decided not to complete construction, leaving an irregularly shaped peninsula of fill, primarily dredged material and construction debris, in the Bay. Over the following decades, erosion and subsidence lowered shoreline elevation to where it became subject to tidal inundation. Colonization by salt marsh plants and wildlife followed.

By the 1990s, the Port and the Bay Conservation and Development Commission (BCDC) were in dispute about the legal status of the fill that was placed in compliance with a permit, but where permitted construction and use was never completed. At the urging of environmental advocacy groups, who saw the habitat restoration opportunity and recreation potential in Pier 98, the Port and BCDC agreed to resolve the regulatory status of the site by working to design and seek funding for wetland restoration and park development.

In 1998, with funding from the Port, the City and County of San Francisco Public Utilities Commission, and the California State Coastal Conservancy, the Port constructed wetland and park improvements at Pier 98. The Port removed thousands of tons of fill (all of which was reused on-site or recycled off-site) to create five acres of new wetland area and improve tidal circulation in the existing three acres of wetlands. In the 14-acre upland, the Port constructed park amenities including a half-mile trail, interpretive signs, picnic area, and fishing pier. The former Pier 98 re-opened to the public as Heron's Head Park in 1999.

Over the past 13 years, Heron's Head Park has developed a healthy salt marsh that supports over 100 species of birds, and other marine and terrestrial wildlife. It is now home to an endangered plant, California Sea Blite, and an endangered bird, the California Clapper Rail. American Avocets, Kildeer and other birds breed at Heron's Head Park every year. Other migratory birds stop at Heron's Head Park for critical rest and feeding on their annual journey. With grants and Port funds, the Port has continued to invest in habitat stewardship through monitoring, on-going planting in the transition zone and upland area, and removal of invasive species.

The upland park area offers quiet open space with expansive views of the Bay. Heron's Head Park is used for education and recreation by thousands of bird-watchers, hikers, students, teachers, and visitors from San Francisco and the surrounding Bay Area. It has recently been named among the "10 Best Hikes with Kids" in the Bay Area and one of "10 Great Hikes in Southeastern San Francisco".

In 2012, the Port completed a major expansion of Heron's Head Park funded by proceeds of the 2008 Clean and Safe Parks Bond. The Port invested approximately \$1.5 million to expand the park area by 1.2 acres, reconfigure parking and vehicle access for safety and efficiency, rebuild trails and pathways, add an off-leash dog play

area, two composting restrooms, solar-powered lighting, signage, and additional barbeque and seating areas.

The EcoCenter at Heron's Head Park

Beginning shortly after construction of Heron's Head Park was completed, the Port contracted with a local non-profit organization, Literacy for Environmental Justice (LEJ), to provide environmental education and public participation services at Heron's Head Park. In 2000, LEJ approached the Port with a proposal to lease a portion of Heron's Head Park to construct an environmental education center. LEJ envisioned an "off the grid" facility that would serve as a demonstration of green building technology, including solar power, sustainable building materials, and on-site wastewater treatment and reuse. The Port Commission approved the project and LEJ subsequently received grant funds to construct the EcoCenter at Heron's Head Park from the City and County Department of the Environment, the California State Coastal Conservancy, and other funders.

The EcoCenter opened in 2010. It is a unique demonstration and research opportunity regarding green building technology, and is currently under review for certification as a LEED³ Platinum facility. The EcoCenter also provides a unique opportunity to house and enrich the Port's environmental education programs at Heron's Head Park, which are offered free of charge to schools, community groups, and the general public. The EcoCenter is one of the key resources available to students of all ages, and attracts a tremendous variety of visitors to Heron's Head Park for both education and recreation. It is a valuable asset to the neighborhood, the City and the region. The Port is exceedingly proud of its investment in environmental education programs and the EcoCenter at Heron's Head Park and the collaboration with non-profit and City agency partners that created and sustain them.

Public Programs at Heron's Head Park

Since Heron's Head Park opened, the Port has funded environmental education, service learning and volunteer participation programs there. Over the years, various organizations have provided programing, including the City College of San Francisco Center for Habitat Restoration, Port staff and, for many years, LEJ. Most recently the Port has partnered with the City and County of San Francisco Recreation and Parks Department (RPD) and City College of San Francisco Department of Engineering and Technology to provide public programs.

The public programs bring thousands of people to Heron's Head Park each year to learn, enjoy, and volunteer in the park. Programs range from field trips for local elementary schools to a week-long visit from a group of Indonesian college students who have selected Heron's Head Park for their study of green building technology. Many of the educational programs serve K-12 public schools and other groups from the surrounding neighborhood. For example, "College Track", an educational enrichment program for college-bound youth in the Bayview Hunter's Point community, and

³ Leadership in Energy and Environmental Design is a rating system developed by the US Green Building Council to identify and measure green design, construction, operation and maintenance measures.

“Enterprise for High School Students”, a non-profit organization that offers paid jobs that provide work place skills development to at-risk youth, have participated regularly in Heron’s Head Park education programs.

For the past three years, the Port has partnered with RPD’s Youth Stewardship Program (YSP) to provide public programs at Heron’s Head Park. As part of that partnership, in 2012 the Port and RPD launched “the Greenagers” program. The Greenagers program offers structured service-learning and leadership skills development to high school students from District 10 who are interested in environmental issues. In the past year alone, YSP and the Greenagers have hosted 44 environmental education events at Heron’s Head Park, involving more than 1500 participants ranging from elementary school students to adults. Every on-site program includes hands-on stewardship, enabling installation of 870 plants, watering and removing countless pounds of weeds.

While the public programs fill a need for educational and recreational opportunities in the community, they return great benefits to the park and the habitat at Heron’s Head Park. Volunteers and students participating in Port-supported public programs have contributed many thousands of hours of work. For example, Levi’s has sent 40-50 employees on its “make a difference day” annually for many years. Many other large corporations in San Francisco have also contributed by organizing work days at Heron’s Head Park for their employees. The Port’s public participation program also supports monthly “Second Saturday” work days at Heron’s Head Park for drop-in volunteers. All told, the engagement of a broad range of community members that results from the Port, City College and RPD programs is essential to the health and vitality of Heron’s Head Park.

Conclusion

Although strikingly different in form and function than other land use along the Port’s waterfront, the Port’s wetland habitat sites represent an important component of the Port’s environmental stewardship mission. They provide diversity in recreational opportunities and public access on the waterfront, and lead to key partnerships with our stakeholders who support the Port’s habitat enhancement and other environmental programs. In recognition of the Port’s 150th Anniversary, the Port is proud to celebrate the accomplishments and contributions of our Habitat Enhancement Program.

Prepared by: Carol Bach, Environmental & Regulatory Affairs Manager
Planning & Development Division

For: Byron Rhett, Deputy Director
Planning & Development Division

Attachment
Exhibit A – Port Waterfront Habitat Sites



Mission Creek

Pier 94 Wetlands

Heron's Head
Park

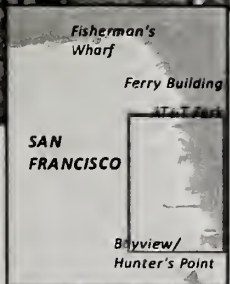
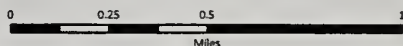


Exhibit A. Port Waterfront Habitat Sites



PORT OF SAN FRANCISCO





MEMORANDUM

June 7, 2013

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Willie Adams
Hon. Leslie Katz
Hon. Mel Murphy

FROM: Monique Moyer *MMoyer*
Executive Director

SUBJECT: Request authorization to enter into a cost-sharing agreement with the U.S. Army Corps of Engineers for a feasibility study of federal dredging of the Port's Central Basin near Pier 70

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Introduction

Port staff requests that the Port Commission authorize the Executive Director to enter into and execute the Federal Cost Share Agreement (FCSA), required by the U.S. Army Corps of Engineers (USACE) as a condition of USACE proceeding with its Detailed Feasibility Study of the Central Basin Dredging Project. The Central Basin Dredging Project is a proposed joint USACE/Port \$7 million project to dredge the Central Basin to depths required to provide continued vessel access to the Port's shipyard at Pier 70. USACE completed a preliminary analysis of the project, with favorable results, leading to the next step in the USACE process, the Detailed Feasibility Study (Detailed Study). The Detailed Study will include an in-depth financial analysis of the proposed Central Basin Dredging Project as well as procuring relevant environmental documentation for the project.

USACE set aside funds for federal Fiscal Year 2013 (FY13) to initiate the detailed study, but a 50/50 cost share with a "local sponsor," in this case the Port, is required for this work to proceed. Executing the FCSA would allow USACE to proceed with using its funds by assuring USACE that costs for the Detailed Study will be shared equally with the Port. Under the proposed agreement, the Port's contributions may take the form of in-kind services, in whole or part.

THIS PRINT COVERS CALENDAR ITEM NO. 10A

USACE estimates that the Detailed Study will cost approximately \$1,280,000 over two Federal Fiscal Years, with the Port's share being \$515,000 after credit for staff time for participating on the study team and credit for an estimated \$90,000 of other in-kind contributions from the Port. Port staff recommends using budgeted dredging funds for the cost share required for the Detailed Study.

Background

The Central Basin, located between Pier 68 and Pier 70, provides access for oceangoing ships and other vessels to the Port's shipyard at Pier 70. Like all areas used by deep-draft vessels at the Port, the Central Basin requires periodic dredging. Siltation rates in the Central Basin are comparatively low relative to other areas at the Port, so the Central Basin has been dredged infrequently. The last time the Central Basin was dredged was in 1997; this dredging was done by the Port using Federal funds remaining from the Loma Prieta earthquake payments by FEMA to the Port.

The shipyard at Pier 70 is leased by the Port to BAE San Francisco Ship Repair (BAE/SFSR). The shipyard includes Drydock #2, the largest drydock on the West Coast and therefore an asset of national importance. The financial impact of BAE/SFSR is significant, both to the Port itself and to Bay Area labor. BAE/SFSR lease revenue represents a significant and increasing portion of the Port's maritime revenue. Additionally, BAE/SFSR is the largest employer of unionized blue-collar labor in the City, employing over 200 permanent tradespersons belonging to ten different unions. During major ship repair projects, as many as 600 additional temporary tradespersons will be hired.

Recent infrastructure investments at the shipyard have been significant. The Port, the San Francisco Public Utilities Commission (SFPUC), and BAE/SFSR in October 2012 reached a milestone in green industry by commissioning a \$5 million project that supplies shoreside power for Drydock #2 and Wharf 4. Previously, the Port, Princess Cruises, and BAE/SFSR invested over \$6 million in upgrades to Drydock #2, expanding its lift capacity to accommodate the largest of cruise ships. BAE/SFSR has spent several million dollars more in ongoing maintenance and repair of both Drydock #2 and other facilities at the Pier 70 shipyard. Currently BAE is involved in a \$4 million project to replace corroded steel on much of one side of Drydock #2.

The Central Basin is outside BAE/SFSR's leasehold. The lease between the Port and BAE/SFSR is silent on the responsibility for dredging the Central Basin. However, the last time the Central Basin was dredged was by the Port, in 1997, using FEMA funds.

Currently there is a need to dredge two areas of the Central Basin: (1) the inner Basin area to minus 30 feet below Mean Lowest Low Water (ft MLLW); and (2) the outer area to minus 35 ft MLLW (see attached Figure 1) because the lack of full depth is impeding the docking of ships at the facility and will eventually preclude ships from entering the shipyard.

Beginning in 2007, Port staff began looking into the possibility of USACE performing the needed dredging at the Central Basin. USACE has a program, the Continuing Authorities Section 107 Program (CAP 107), that allows USACE to undertake small dredging projects (less than \$7 million) on an accelerated basis. Port staff and USACE staff agreed that CAP 107 was potentially an appropriate program for USACE and the Port to accomplish the Central Basin Dredging Project.

USACE staff then undertook and completed a preliminary benefit/cost analysis and determination of federal interest for the proposed project, using \$100,000 of USACE preliminary project study funds. The preliminary analysis indicated a favorable benefit/cost ratio and USACE staff determined that the project appeared to be in the federal interest. Both of these conclusions were necessary for the project to move forward.

The next phase is the proposed Detailed Study, required in order for USACE to conduct detailed financial analyses, make final determinations, secure environmental permits and documentation. If the determinations are favorable, USACE will proceed to the actual dredging involved in the Central Basin Dredging Project, subject to a future cost sharing agreement with the Port. USACE has up to \$350,000 allocated this fiscal year, ending September 30, 2013 to conduct the Detailed Study. The Port must execute the FCSA, substantially in the form of agreement presented in Exhibit 1, in order for USACE to proceed with its Detailed Study of the Central Basin Dredging Project. If USACE does not expend its funds allocated to this effort by September 30, 2013 funds must be reallocated, if possible, for next federal fiscal year.

Budget

While USACE has up to \$350,000 allocated this fiscal year (FY13), ending September 30, 2013 to conduct the Detailed Study, this does not represent the total estimated cost of the Detailed Study. USACE estimates that the total cost of the Detailed Study will be \$1,280,000 over two fiscal years, FY13 and FY14.

USACE estimates the total cost share required of the Port as follows:

Total Detailed Study cost	\$1,280,000
50% cost share of total	\$640,000
Minus Port staff participation in study team	(\$35,000)
<u>Minus estimated Port in-kind contributions</u>	<u>(\$90,000)</u>
Estimated Port funds required	\$515,000

The above amounts are estimates by USACE. To anticipate any potential cost increases, Port staff also recommends a contingency of approximately 15% or \$77,000 for the Detailed Study, bringing the proposed Port budget total to \$592,000.

Funding

USACE management has allocated \$350,000 in the current (FY13) USACE budget for the Detailed Study. These funds are appropriated federal funds. Leader Nancy Pelosi of the U.S. House of Representatives was instrumental in ensuring the availability of the funding, which must be expended by USACE by September 30, 2013.

On an annual basis, the Port allocates funds to Cargo Maintenance Dredging (CPO-625). The Central Basin Dredging Project and associated studies have been anticipated for some time and sufficient funds have been allocated to CPO-625 to cover the Port's required match over FY12-13 and FY13-14.

The FCSA will commit the Port to a 50/50 cost share with USACE for the Detailed Study. The Detailed Study will be conducted primarily by USACE staff. The Port's obligations could be met through either direct payment to USACE or through contribution of in-kind services, such as Port staff time and/or services contracted out by the Port, including existing hydrographic surveys, volume calculations, etc. Such obligations also could be met through the Port's existing capital budget for dredging.

If the results of the Detailed Study are favorable and USACE determines that the Central Basin Dredging Project can proceed, the Port must agree to that determination. Implementation of the Central Basin Dredging Project will require a second FCSA between the Port and USACE to agree to jointly fund the dredging phase. The Port then will need to appropriate funds, likely in FY14-15, for a 50% cost share of the actual dredging costs, i.e., 50% of an estimated \$7 million, or \$3.5 million.

Schedule

USACE staff will begin work on the Detailed Study immediately upon the signing of the FCSA, with the study completed by late 2013. If all events proceed accordingly, dredging of the Central Basin could begin as early as late 2014.

Should the Port Commission approve the attached Resolution, Port staff will proceed with negotiations to finalize and enter into the FCSA in such form as approved by the City Attorney, and cooperate with USACE for implementation of the FCSA and the Detailed Study.

Summary

Port staff recommends that the Port Commission authorize the Executive Director to execute the FCSA, substantially in the form of the agreement attached as Exhibit 1 and as approved by the City Attorney, and to immediately execute any documents required for the implementation of the agreement, including any letters of intent, amendments, augmentations or extensions thereof. This will allow USACE to complete a detailed feasibility study of the Central Basin Dredging Project and to move the project toward possible dredging in late 2014.

Prepared by: Jay A. Ach, Mgr. Environmental & Regulatory Affairs
Maritime Division

Daley Dunham, Special Projects
Executive Division

For: Peter Dailey, Deputy Director
Maritime Division

Figure 1: Site Map
Exhibit 1: Draft Federal Cost Sharing Agreement

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 13-23

- WHEREAS, The area of San Francisco Bay known as the Central Basin, under jurisdiction of the Port Commission, provides access to oceangoing ships and other vessels to the Port's shipyard at Pier 70; and
- WHEREAS, Drydock #2, located at the Pier 70 shipyard, is the largest drydock on the West Coast and therefore an asset of national importance; and
- WHEREAS, The shipyard at Pier 70 is under lease by the Port to BAE San Francisco Ship Repair (BAE/SFSR); and
- WHEREAS, BAE/SFSR lease revenue represents a significant and increasing portion of the Port's revenue; and
- WHEREAS, BAE/SFSR is the largest employer of unionized blue-collar labor in the City, employing over 200 permanent tradespersons belonging to ten different unions and utilizing as many as 600 additional temporary tradespersons on major projects; and
- WHEREAS, The Port, the San Francisco Public Utilities Commission (SFPUC), and BAE/SFSR in October 2012 reached a milestone in green industry by commissioning a \$5 million project that supplies shoreside power for Drydock #2 and Wharf 4; and
- WHEREAS, The Port, Princess Cruises, and BAE/SFSR have invested over \$6 million in upgrades to Drydock #2 expanding its lift capacity to accommodate the largest of cruise ships; and
- WHEREAS, BAE/SFSR is now completing nearly \$4 million in Drydock #2 hull repair and replacement work; and
- WHEREAS, Continued vessel access to the Pier 70 Shipyard, depends upon periodic maintenance dredging to remove accumulations of sediment in the Central Basin that would otherwise reduce water depth and limit access by oceangoing vessels, thereby negatively impacting the shipyard operations; and
- WHEREAS, The proposed Central Basin Dredging Project, as described in the accompanying staff report, would allow the U.S. Army Corps of Engineers (USACE) to perform future dredging of the Central Basin to the depths required for continued ship access to the Pier 70 shipyard; and

- WHEREAS, At the Port's request, USACE recently completed a \$100,000 initial study and assessment of Federal interest in undertaking dredging of the Central Basin and determined that there appears to be a Federal interest in such dredging; and
- WHEREAS, The next phase in the USACE process to implement the Central Basin Dredging Project is to complete a detailed feasibility study that includes conducting detailed financial analyses, making final determinations, and securing environmental permits and documentation (Detailed Study); and
- WHEREAS, USACE has budgeted up to \$350,000 in FY13 for the Detailed Study; and
- WHEREAS, To complete the Detailed Study, USACE requires the Port (as "local sponsor") to enter into a Federal Cost Sharing Agreement (FCSA), substantially similar to the draft FCSA, attached as Exhibit 1; and
- WHEREAS, The FCSA will obligate the Port to share equally with USACE the costs incurred by USACE to complete the Detailed Study which USACE estimates will be approximately \$1,280,000; and
- WHEREAS, USACE estimates that the Port's cost share will be approximately \$515,000 after credit for in-kind contributions, including Port staff time; and
- WHEREAS, Port staff recommends setting aside an additional \$77,000 as a contingency to account for any unforeseen additional costs; and
- WHEREAS, The Port already has sufficient funds allocated in its Cargo Maintenance Budget, CPO-625, to provide \$592,000 of Port matching funds to USACE; now, therefore, be it
- RESOLVED, That the Port Commission hereby authorizes the Executive Director to enter into a Federal Cost Share Agreement (FCSA) with the U.S. Army Corps of Engineers, as described in the accompanying staff report and in such form as approved by the City Attorney, that would allow USACE to complete the proposed Detailed Study for the Central Basin Dredging Project; and be it further
- RESOLVED, That the Port Commission hereby authorizes the Executive Director to execute any documents required for the implementation of the FCSA, including any letters of intent, amendments, augmentations or extensions thereof in such form as approved by the City Attorney; and be it further

RESOLVED, That the Port Commission approves the expenditure of up to \$515,000 plus a contingency of \$77,000, for a total of \$592,000 in Port funds as the Port's cost share contribution as described in the accompanying staff report and FCSA for the Detailed Study for the Central Basin Dredging Project; and be it further

RESOLVED, That, subject to the approval of the City Risk Manager, the Port Commission hereby authorizes the Executive Director, or her designee, to execute an agreement to hold harmless and indemnify USACE from liability arising out of the Detailed Study if required by USACE.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of June 11, 2013.

Secretary



Figure 1: Proposed areas of dredging, Central Basin Dredging Project

EXHIBIT 1: DRAFT FEDERAL COST SHARING AGREEMENT

AGREEMENT
BETWEEN
THE DEPARTMENT OF THE ARMY
AND
THE CITY AND COUNTY OF SAN FRANCISCO
ACTING BY AND THROUGH
THE PORT OF SAN FRANCISCO
FOR THE
CENTRAL BASIN PIER 70 DREDGING FEASIBILITY STUDY

THIS AGREEMENT is entered into this _____ day of _____, _____, by and between the Department of the Army (hereinafter the "Government"), represented by the U.S. Army Engineer, San Francisco District and the City and County of San Francisco acting by and through the Port of San Francisco (hereinafter the "Non-Federal Sponsor"), represented by the Executive Director of the Port of San Francisco.

WITNESSETH, THAT:

WHEREAS, the Government received a letter, dated _____, from the City and County of San Francisco acting by and through the Port of San Francisco in which it stated its desire to participate in a feasibility study for _____ at the Central Basin Pier 70, San Francisco, San Francisco County, California, and in which it acknowledged its financial responsibilities for the study and a project, if one is recommended;

WHEREAS, the Secretary of the Army is authorized by Section 107 of the River and Harbor Act of 1960, Public Law 86-645, as amended (33 U.S.C. 577; hereinafter "Section 107") to allot from certain appropriations an amount not to exceed \$35,000,000 per *fiscal year* for the construction of small river and harbor improvements projects and not more than \$7,000,000 in Federal funds shall be allotted for a project at any single locality;

WHEREAS, the Government initiated a feasibility study, to be initially Federally funded up to \$100,000, and during this Federally funded portion the Government determined that the costs of the feasibility study would exceed \$100,000;

WHEREAS, the Government and the City and County of San Francisco acting by and through the Port of San Francisco desire to enter into an agreement (hereinafter the "Agreement") to complete the feasibility study (hereinafter the "*Study*" as defined in Article I.A. of this Agreement) and to share equally the costs of the *Study* that exceed \$100,000;

WHEREAS, Section 105(a) of the Water Resources Development Act of 1986, Public Law 99-662, as amended (33 U.S.C. 2215(a)), specifies the cost-sharing requirements applicable to the *Study*;

WHEREAS, the Non-Federal Sponsor desires to provide in-kind contributions (hereinafter the "*in-kind contributions*" as defined in Article I.I. of this Agreement) that are necessary to prepare the feasibility report and to receive credit for such contributions toward the amount of its required contribution for the *Study*;

WHEREAS, the Non-Federal Sponsor may provide up to 100 percent of its required contribution for the *Study* as *in-kind contributions*;

WHEREAS, the Government and Non-Federal Sponsor have the full authority and capability to perform as hereinafter set forth and intend to cooperate in cost-sharing and financing of the *Study* in accordance with the terms of this Agreement; and

WHEREAS, the Government and the Non-Federal Sponsor, in connection with this Agreement, desire to foster a partnering strategy and a working relationship between the Government and the Non-Federal Sponsor through a mutually developed formal strategy of commitment and communication embodied herein, which creates an environment where trust and teamwork prevent disputes, foster a cooperative bond between the Government and the Non-Federal Sponsor, and facilitate the successful *Study*.

NOW, THEREFORE, the Government and the Non-Federal Sponsor agree as follows:

ARTICLE I – DEFINITIONS

A. The term "*Study*" shall mean the activities and tasks required to identify and evaluate alternatives and the preparation of a decision document that, when appropriate, recommends a coordinated and implementable solution for dredging the Central Basin to - 35 feet Mean Lower Low Water at Central Basin Pier 70, San Francisco, San Francisco County, California. The term includes *in-kind contributions* described in paragraph I. of this Article.

B. The term "*total study costs*" shall mean the sum of all costs incurred by the Non-Federal Sponsor and the Government in accordance with the terms of this Agreement directly related to performance of the *Study* plus the costs of the *Study* incurred by the Government prior to the effective date of this Agreement. Subject to the provisions of this Agreement, the term shall include, but is not necessarily limited to: the Government's costs of plan formulation and evaluation, including applicable economic, engineering, real estate, and environmental analyses; the Government's costs of preparation of the decision document for the *Study*; the costs of *in-kind contributions* determined in accordance with Article II.B.3. of this Agreement; the Government's costs of Agency Technical Review and other review processes required by the Government; the Government's costs of Independent External Peer Review, if required, except for the costs of any contract for an Independent External Peer Review panel; the Government's supervision and administration costs; the Non-Federal Sponsor's and the Government's costs of participation in the Study Coordination Team in accordance with Article III of this

Agreement; the Government's costs of contract dispute settlements or awards; and the Non-Federal Sponsor's and the Government's costs of audit in accordance with Article VI.B. and Article VI.C. of this Agreement. The term does not include the first \$100,000 incurred by the Government for the *Study*; any costs of dispute resolution under Article V of this Agreement; any costs incurred as part of reconnaissance studies or feasibility studies under any other agreement or program; any costs of a contract for an Independent External Peer Review panel; the Non-Federal Sponsor's costs of negotiating this Agreement; or any costs of negotiating a project partnership agreement for design and construction of a project or separable element thereof.

C. The term "*period of study*" shall mean the time from the effective date of this Agreement to the date that the decision document for the study is duly approved by the Government or the date that this Agreement is terminated in accordance with Article IX of this Agreement.

D. The term "*financial obligations for the study*" shall mean the financial obligations of the Government and the costs for *in-kind contributions*, as determined by the Government, that result or would result in costs that are or would be included in *total study costs*.

E. The term "*non-Federal proportionate share*" shall mean the ratio of the sum of the costs included in *total study costs* for *in-kind contributions*, as determined by the Government, and the Non-Federal Sponsor's contribution of funds required by Article II.B.1.b. of this Agreement to *financial obligations for the study*, as projected by the Government.

F. The term "*Federal program funds*" shall mean funds provided by a Federal agency, other than the Department of the Army, plus any non-Federal contribution required as a matching share therefor.

G. The term "*fiscal year*" shall mean one year beginning on October 1 and ending on September 30.

H. The term "*PMP*" shall mean the project management plan, and any modifications thereto, developed by the Government, and agreed to by the Non-Federal Sponsor, that specifies the scope, cost, and schedule for *Study* activities and guides the performance of the *Study* through the *period of study*.

I. The term "*in-kind contributions*" shall mean planning, supervision and administration, services, materials, supplies, and other in-kind services that are performed or provided by the Non-Federal Sponsor after the effective date of this Agreement in accordance with the *PMP* and that are necessary for performance of the *Study*.

J. The term "*Section 107 Annual Program Limit*" shall mean the statutory limitation on the Government's annual allotment for planning, design, and construction of all projects implemented pursuant to Section 107 of the River and Harbor Act of

1960, Public Law 86-645, as amended (33 U.S.C. 577). As of the effective date of this Agreement, such limitation is \$35,000,000.

ARTICLE II - OBLIGATIONS OF THE GOVERNMENT AND THE NON-FEDERAL SPONSOR

A. The Government, subject to receiving funds appropriated by the Congress of the United States (hereinafter the "Congress") and using those funds and funds provided by the Non-Federal Sponsor, expeditiously shall conduct the *Study*, applying those procedures usually applied to Federal projects, in accordance with Federal laws, regulations, and policies. The Non-Federal Sponsor expeditiously shall perform or provide the *in-kind contributions* in accordance with applicable Federal laws, regulations, and policies.

1. To the extent possible, the Government and the Non-Federal Sponsor shall conduct the *Study* in accordance with the *PMP*.

2. The Government shall afford the Non-Federal Sponsor the opportunity to review and comment on all products that are developed by contract or by Government personnel during the *period of study*. The Government shall consider in good faith the comments of the Non-Federal Sponsor, but the final approval of all *Study* products shall be exclusively within the control of the Government.

3. The Government shall afford the Non-Federal Sponsor the opportunity to review and comment on the solicitations for all Government contracts, including relevant scopes of work, prior to the Government's issuance of such solicitations. To the extent possible, the Government shall afford the Non-Federal Sponsor the opportunity to review and comment on all proposed contract modifications, including change orders. In any instance where providing the Non-Federal Sponsor with notification of a contract modification is not possible prior to execution of the contract modification, the Government shall provide such notification in writing at the earliest date possible. To the extent possible, the Government also shall afford the Non-Federal Sponsor the opportunity to review and comment on all contract claims prior to resolution thereof. The Government shall consider in good faith the comments of the Non-Federal Sponsor, but the contents of solicitations, award of contracts or commencement of work on the *Study* using the Government's own forces, execution of contract modifications, resolution of contract claims, and performance of all work on the *Study*, except for *in-kind contributions*, shall be exclusively within the control of the Government.

4. At the time the U.S. Army Engineer, San Francisco District (hereinafter the "District Engineer") furnishes the contractor with the Government's Written Notice of Acceptance of Completed Work for each contract awarded by the Government for the *Study*, the District Engineer shall furnish a copy thereof to the Non-Federal Sponsor.

5. The Non-Federal Sponsor shall afford the Government the opportunity to review and comment on the solicitations for all contracts for the *in-kind contributions*, including relevant scopes of work, prior to the Non-Federal Sponsor's issuance of such

solicitations. To the extent possible, the Non-Federal Sponsor shall afford the Government the opportunity to review and comment on all proposed contract modifications, including change orders. In any instance where providing the Government with notification of a contract modification is not possible prior to execution of the contract modification, the Non-Federal Sponsor shall provide such notification in writing at the earliest date possible. To the extent possible, the Non-Federal Sponsor also shall afford the Government the opportunity to review and comment on all contract claims prior to resolution thereof. The Non-Federal Sponsor shall consider in good faith the comments of the Government but the contents of solicitations, award of contracts or commencement of work on the *Study* using the Non-Federal Sponsor's own forces, execution of contract modifications, resolution of contract claims, and performance of all work on *in-kind contributions* shall be exclusively within the control of the Non-Federal Sponsor.

6. At the time the Non-Federal Sponsor furnishes a contractor with a notice of acceptance of completed work for each contract awarded by the Non-Federal Sponsor for *in-kind contributions*, the Non-Federal Sponsor shall furnish a copy thereof to the Government.

B. The Non-Federal Sponsor shall contribute 50 percent of *total study costs* in accordance with the provisions of this paragraph.

1. The Non-Federal Sponsor shall provide a contribution of funds as determined below:

a. If the Government projects at any time that the collective value of the Non-Federal Sponsor's contributions listed in the next sentence will be less than the Non-Federal Sponsor's required share of 50 percent of *total study costs*, the Government shall determine the amount of funds that would be necessary to meet the Non-Federal Sponsor's required share without considering the credit the Government projects will be afforded for *in-kind contributions* pursuant to paragraph B.4. of this Article. The Government shall determine the amount of funds that would be necessary by subtracting from the Non-Federal Sponsor's required share of 50 percent of *total study costs* the collective value of the Non-Federal Sponsor's contributions under Article III and Article VI of this Agreement.

b. The Non-Federal Sponsor shall provide funds in the amount determined by this paragraph in accordance with Article IV.B. of this Agreement. To determine the contribution of funds the Non-Federal Sponsor shall provide, the Government shall reduce the amount determined in accordance with paragraph B.1.a. of this Article by the amount of credit the Government projects will be afforded for *in-kind contributions* pursuant to paragraph B.4. of this Article.

2. The Government, subject to the availability of funds and as limited by paragraph B.5. of this Article and the *Section 107 Annual Program Limit*, shall refund or reimburse to the Non-Federal Sponsor any contributions in excess of 50 percent of *total study costs* if the Government determines at any time that the collective value of the

following has exceeded 50 percent of *total study costs*: (a) the Non-Federal Sponsor's contribution of funds required by paragraph B.1.b. of this Article; (b) the amount of credit to be afforded for *in-kind contributions* pursuant to paragraph B.4. of this Article; and (c) the value of the Non-Federal Sponsor's contributions under Article III and Article VI of this Agreement.

3. The Government shall determine and include in *total study costs* any costs incurred by the Non-Federal Sponsor for *in-kind contributions*, subject to the conditions and limitations of this paragraph. The Non-Federal Sponsor in a timely manner shall provide the Government with such documents as are sufficient to enable the Government to determine the amount of costs to be included in *total study costs* for *in-kind contributions*.

a. Acceptance by the Government of *in-kind contributions* shall be subject to a review by the Government to verify that all economic, engineering, real estate, and environmental analyses or other items performed or provided as *in-kind contributions* are accomplished in a satisfactory manner and in accordance with applicable Federal laws, regulations, and policies, and to verify that all analyses, services, materials, supplies, and other in-kind services provided as *in-kind contributions* are necessary for the Study.

b. The Non-Federal Sponsor's costs for *in-kind contributions* that may be eligible for inclusion in *total study costs* pursuant to this Agreement shall be subject to an audit in accordance with Article VI.C. of this Agreement to determine the reasonableness, allocability, and allowability of such costs.

c. The Non-Federal Sponsor's costs for *in-kind contributions* that may be eligible for inclusion in *total study costs* pursuant to this Agreement are not subject to interest charges, nor are they subject to adjustment to reflect changes in price levels between the time the *in-kind contributions* are provided and the time the costs are included in *total study costs*.

d. The Government shall not include in *total study costs* any costs for *in-kind contributions* paid by the Non-Federal Sponsor using *Federal program funds* unless the Federal agency providing the funds verifies in writing that such funds are authorized to be used to carry out the Study.

e. The Government shall not include in *total study costs* any costs for *in-kind contributions* in excess of the Government's estimate of the costs of the *in-kind contributions* if the services, materials, supplies, and other in-kind services had been provided by the Government.

4. The Government, in accordance with this paragraph, shall afford credit toward the amount of funds determined in accordance with paragraph B.1.a. of this Article for the costs of *in-kind contributions* determined in accordance with paragraph B.3. of this Article. However, the maximum amount of credit that can be afforded for *in-kind contributions* shall not exceed the least of the following amounts as determined by

the Government: the amount of funds determined in accordance with paragraph B.1.a. of this Article; the costs of *in-kind contributions* determined in accordance with paragraph B.3. of this Article; or 50 percent of *total study costs*.

5. Notwithstanding any other provision of this Agreement, the Non-Federal Sponsor shall not be entitled to reimbursement of any costs of *in-kind contributions* determined in accordance with paragraph B.3. of this Article and included in *total study costs* that exceed the amount of credit afforded for *in-kind contributions* determined in accordance with paragraph B.4. of this Article and the Non-Federal Sponsor shall be responsible for 100 percent of all costs of *in-kind contributions* included in *total study costs* that exceed the amount of credit afforded.

C. Notwithstanding any other provision of this Agreement, Federal financial participation in the *Study* is limited by the following provisions of this paragraph.

1. In the event the Government projects that the amount of Federal funds the Government will make available to the *Study* through the then-current *fiscal year*, or the amount of Federal funds the Government will make available for the *Study* through the upcoming *fiscal year*, is not sufficient to meet the Federal share of *total study costs* that the Government projects to be incurred through the then-current or upcoming *fiscal year*, as applicable, the Government shall notify the Non-Federal Sponsor in writing of such insufficiency of funds and of the date the Government projects that the Federal funds that will have been made available to the *Study* will be exhausted. Upon the exhaustion of Federal funds made available by the Government to the *Study*, future performance under this Agreement shall be suspended and the parties shall proceed in accordance with Article IX.C. of this Agreement.

2. If the Government determines that the total amount of Federal funds provided by Congress for all studies and projects implemented pursuant to Section 107 has reached the *Section 107 Annual Program Limit*, and the Government projects that the Federal funds the Government will make available to the *Study* within the *Section 107 Annual Program Limit* will not be sufficient to meet the Federal share of *total study costs*, the Government shall notify the Non-Federal Sponsor in writing of such insufficiency of funds and of the date the Government projects that the Federal funds that will have been made available to the *Study* will be exhausted. Upon the exhaustion of Federal funds made available by the Government to the *Study* within the *Section 107 Annual Program Limit*, future performance under this Agreement shall be suspended and the parties shall proceed in accordance with Article IX.C. of this Agreement.

3. As of the effective date of this Agreement, \$2,800 of Federal funds is currently projected to be available for the *Study*. The Government makes no commitment to request Congress to provide additional Federal funds for the *Study*. Further, the Government's financial participation in the *Study* is limited to the Federal funds that the Government makes available to the *Study*.

D. Upon conclusion of the *period of study*, the Government shall conduct an accounting, in accordance with Article IV.C. of this Agreement, and furnish the results to the Non-Federal Sponsor.

E. The Non-Federal Sponsor shall not use *Federal program funds* to meet any of its obligations for the *Study* under this Agreement unless the Federal agency providing the funds verifies in writing that such funds are authorized to be used to carry out the *Study*.

F. This Agreement shall not be construed as obligating either party to implement a project. Whether the Government proceeds with implementation of the project depends upon, among other things, the outcome of the *Study* and whether the proposed solution is consistent with the Economic and Environmental Principles and Guidelines for Water and Related Land Resources Implementation Studies and with the budget priorities of the Administration.

ARTICLE III - STUDY COORDINATION TEAM

A. To provide for consistent and effective communication, the Non-Federal Sponsor and the Government, not later than 30 calendar days after the effective date of this Agreement, shall appoint named senior representatives to a Study Coordination Team. Thereafter, the Study Coordination Team shall meet regularly until the end of the *period of study*. The Government's Project Manager and a counterpart named by the Non-Federal Sponsor shall co-chair the Study Coordination Team.

B. The Government's Project Manager and the Non-Federal Sponsor's counterpart shall keep the Study Coordination Team informed of the progress of the *Study* and of significant pending issues and actions, and shall seek the views of the Study Coordination Team on matters that the Study Coordination Team generally oversees.

C. Until the end of the *period of study*, the Study Coordination Team shall generally oversee the *Study*, including matters related to: plan formulation and evaluation, including applicable economic, engineering, real estate, and environmental analyses; scheduling of reports and work products; independent technical review and other review processes required by the Government; completion of all necessary environmental coordination and documentation; contract awards and modifications; contract costs; the Government's cost projections; the performance of, scheduling, and determining the value of *in-kind contributions*; determination of anticipated future requirements for real property and relocation requirements and performance of operation, maintenance, repair, rehabilitation, and replacement of the proposed project including anticipated requirements for permits; and other matters related to the *Study*. This oversight of the *Study* shall be consistent with the *PMP*.

D. The Study Coordination Team may make recommendations to the District Engineer on matters related to the *Study* that the Study Coordination Team generally oversees, including suggestions to avoid potential sources of dispute. The Government in good faith shall consider the recommendations of the Study Coordination Team. The

Government, having the legal authority and responsibility for performance of the *Study* has the discretion to accept or reject, in whole or in part, the Study Coordination Team's recommendations.

E. The Non-Federal Sponsor's costs of participation in the Study Coordination Team shall be included in *total study costs* and shared in accordance with the provisions of this Agreement, subject to an audit in accordance with Article VI.C. of this Agreement to determine reasonableness, allocability, and allowability of such costs. The Government's costs of participation in the Study Coordination Team shall be included in *total study costs* and shared in accordance with the provisions of this Agreement.

ARTICLE IV - METHOD OF PAYMENT

A. In accordance with the provisions of this paragraph, the Government shall maintain current records and provide to the Non-Federal Sponsor current projections of costs, financial obligations, the contributions provided by the parties, the costs included in *total study costs* for *in-kind contributions* determined in accordance with Article II.B.3. of this Agreement, and the credit to be afforded for *in-kind contributions* pursuant to Article II.B.4. of this Agreement.

1. As of the effective date of this Agreement, *total study costs* are projected to be \$1,280,000; the value of the Non-Federal Sponsor's contributions under Article III and Article VI of this Agreement is projected to be \$35,000; the amount of funds determined in accordance with Article II.B.1.a. of this Agreement is projected to be \$605,000; the costs included in *total study costs* for *in-kind contributions* determined in accordance with Article II.B.3. of this Agreement are projected to be \$90,000; the credit to be afforded for *in-kind contributions* pursuant to Article II.B.4. of this Agreement is projected to be \$90,000; the Non-Federal Sponsor's contribution of funds required by Article II.B.1.b. of this Agreement is projected to be \$515,000; and the *non-Federal proportionate share* is projected to be 49% percent. These amounts and percentage are estimates subject to adjustment by the Government, after consultation with the Non-Federal Sponsor, and are not to be construed as the total financial responsibilities of the Government and the Non-Federal Sponsor.

2. By July 31, 2013 and by each quarterly anniversary thereof until the conclusion of the *period of study* and resolution of all relevant claims and appeals, the Government shall provide the Non-Federal Sponsor with a report setting forth all contributions provided to date and the current projections of the following: *total study costs*; the value of the Non-Federal Sponsor's contributions under Article III and Article VI of this Agreement; the amount of funds determined in accordance with Article II.B.1.a. of this Agreement; the costs included in *total study costs* for *in-kind contributions* determined in accordance with Article II.B.3. of this Agreement; the credit to be afforded for *in-kind contributions* pursuant to Article II.B.4. of this Agreement; the Non-Federal Sponsor's contribution of funds required by Article II.B.1.b. of this Agreement; the total

contribution of funds required from the Non-Federal Sponsor for the upcoming contract and upcoming *fiscal year*; and the *non-Federal proportionate share*.

B. The Non-Federal Sponsor shall provide the contribution of funds required by Article II.B.1.b. of this Agreement in accordance with the provisions of this paragraph.

1. Not less than 7 calendar days after the effective date of this Agreement, the Government shall notify the Non-Federal Sponsor in writing of the funds the Government determines to be required from the Non-Federal Sponsor to meet: (a) the *non-Federal proportionate share of financial obligations for the study* incurred prior to the commencement of the *period of study*]; (b) the projected *non-Federal proportionate share of financial obligations for the study* to be incurred for such contract; and (c) the projected *non-Federal proportionate share of financial obligations for the study* using the Government's own forces through the first *fiscal year*. Within 30 calendar days of receipt of such notice, the Non-Federal Sponsor shall provide the Government with the full amount of such required funds by delivering a check payable to "FAO, USAED, San Francisco District, L3" to the District Engineer, or verifying to the satisfaction of the Government that the Non-Federal Sponsor has deposited such required funds in an escrow or other account acceptable to the Government, with interest accruing to the Non-Federal Sponsor, or by presenting the Government with an irrevocable letter of credit acceptable to the Government for such required funds, or by providing an Electronic Funds Transfer of such required funds in accordance with procedures established by the Government.

2. Thereafter, until the work on the *Study* is complete, the Government shall notify the Non-Federal Sponsor in writing of the funds the Government determines to be required from the Non-Federal Sponsor, and the Non-Federal Sponsor shall provide such funds in accordance with the provisions of this paragraph.

a. The Government shall notify the Non-Federal Sponsor in writing, no later than 60 calendar days prior to the scheduled date for issuance of the solicitation for each remaining contract for work on the *Study*, of the funds the Government determines to be required from the Non-Federal Sponsor to meet the projected *non-Federal proportionate share of financial obligations for the study* to be incurred for such contract. No later than such scheduled date, the Non-Federal Sponsor shall make the full amount of such required funds available to the Government through any of the payment mechanisms specified in paragraph B.1. of this Article.

b. The Government shall notify the Non-Federal Sponsor in writing, no later than 60 calendar days prior to the beginning of each *fiscal year* in which the Government projects that it will make *financial obligations for the study* using the Government's own forces, of the funds the Government determines to be required from the Non-Federal Sponsor to meet the projected *non-Federal proportionate share of financial obligations for the study* using the Government's own forces for that *fiscal year*. No later than 30 calendar days prior to the beginning of that *fiscal year*, the Non-Federal Sponsor shall make the full amount of such required funds for that *fiscal year* available

to the Government through any of the payment mechanisms specified in paragraph B.1. of this Article.

3. The Government shall draw from the funds provided by the Non-Federal Sponsor such sums as the Government deems necessary, when considered with any credit the Government projects will be afforded for *in-kind contributions* pursuant to Article II.B.4. of this Agreement, to cover: (a) the *non-Federal proportionate share of financial obligations for the study* incurred prior to the commencement of the *period of study*; and (b) the *non-Federal proportionate share of financial obligations for the study as financial obligations for the study* are incurred. If at any time the Government determines that additional funds will be needed from the Non-Federal Sponsor to cover the Non-Federal Sponsor's share of such financial obligations for the current contract or to cover the Non-Federal Sponsor's share of such financial obligations for work performed using the Government's own forces in the current *fiscal year*, the Government shall notify the Non-Federal Sponsor in writing of the additional funds required and provide an explanation of why additional funds are required. Within 60 calendar days from receipt of such notice, the Non-Federal Sponsor shall provide the Government with the full amount of such additional required funds through any of the payment mechanisms specified in paragraph B.1. of this Article.

C. Upon conclusion of the *period of study* and resolution of all relevant claims and appeals, the Government shall conduct a final accounting and furnish the Non-Federal Sponsor with written notice of the results of such final accounting. If outstanding relevant claims and appeals prevent a final accounting from being conducted in a timely manner, the Government shall conduct an interim accounting and furnish the Non-Federal Sponsor with written notice of the results of such interim accounting. Once all outstanding relevant claims and appeals are resolved, the Government shall amend the interim accounting to complete the final accounting and furnish the Non-Federal Sponsor with written notice of the results of such final accounting. The interim or final accounting, as applicable, shall determine *total study costs*, each party's required share thereof, and each party's total contributions thereto as of the date of such accounting.

1. Should the interim or final accounting, as applicable, show that the Non-Federal Sponsor's total required share of *total study costs* exceeds the Non-Federal Sponsor's total contributions provided thereto, the Non-Federal Sponsor, no later than 90 calendar days after receipt of written notice from the Government, shall make a payment to the Government in an amount equal to the difference by delivering a check payable to "FAO, USAED, San Francisco District, L3" to the District Engineer or by providing an Electronic Funds Transfer in accordance with procedures established by the Government.

2. Should the interim or final accounting, as applicable, show that the total contributions provided by the Non-Federal Sponsor for *total study costs* exceed the Non-Federal Sponsor's total required share thereof, the Government, subject to the availability of funds and as limited by Article II.B.5. of this Agreement and the *Section 107 Annual Program Limit*, shall refund or reimburse the excess amount to the Non-Federal Sponsor within 90 calendar days of the date of completion of such accounting. In the

event the Non-Federal Sponsor is due a refund or reimbursement and funds are not available to refund or reimburse the excess amount to the Non-Federal Sponsor, the Government shall seek such appropriations as are necessary to make the refund or reimbursement.

ARTICLE V - DISPUTE RESOLUTION

As a condition precedent to a party bringing any suit for breach of this Agreement, that party must first notify the other party in writing of the nature of the purported breach and seek in good faith to resolve the dispute through negotiation. If the parties cannot resolve the dispute through negotiation, they may agree to a mutually acceptable method of non-binding alternative dispute resolution with a qualified third party acceptable to both parties. Each party shall pay an equal share of any costs for the services provided by such a third party as such costs are incurred. The existence of a dispute shall not excuse the parties from performance pursuant to this Agreement.

ARTICLE VI - MAINTENANCE OF RECORDS AND AUDIT

A. Not later than 60 calendar days after the effective date of this Agreement, the Government and the Non-Federal Sponsor shall develop procedures for keeping books, records, documents, or other evidence pertaining to costs and expenses incurred pursuant to this Agreement. These procedures shall incorporate, and apply as appropriate, the standards for financial management systems set forth in the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments at 32 C.F.R. Section 33.20. The Government and the Non-Federal Sponsor shall maintain such books, records, documents, or other evidence in accordance with these procedures and for a minimum of three years after completion of the accounting for which such books, records, documents, or other evidence were required. To the extent permitted under applicable Federal laws and regulations, the Government and the Non-Federal Sponsor shall each allow the other to inspect such books, records, documents, or other evidence.

B. In accordance with 32 C.F.R. Section 33.26, the Non-Federal Sponsor is responsible for complying with the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507), as implemented by OMB Circular No. A-133 and Department of Defense Directive 7600.10. Upon request of the Non-Federal Sponsor and to the extent permitted under applicable Federal laws and regulations, the Government shall provide to the Non-Federal Sponsor and independent auditors any information necessary to enable an audit of the Non-Federal Sponsor's activities under this Agreement. The costs of any non-Federal audits performed in accordance with this paragraph shall be allocated in accordance with the provisions of OMB Circulars A-87 and A-133, and such costs as are allocated to the *Study* shall be included in *total study costs* and shared in accordance with the provisions of this Agreement.

C. In accordance with 31 U.S.C. 7503, the Government may conduct audits in addition to any audit that the Non-Federal Sponsor is required to conduct under the Single Audit Act Amendments of 1996. Any such Government audits shall be conducted in

accordance with Government Auditing Standards and the cost principles in OMB Circular A-87 and other applicable cost principles and regulations. The costs of Government audits performed in accordance with this paragraph shall be included in *total study costs* and shared in accordance with the provisions of this Agreement.

ARTICLE VII - FEDERAL AND STATE LAWS

In the exercise of their respective rights and obligations under this Agreement, the Non-Federal Sponsor and the Government shall comply with all applicable Federal and State laws and regulations, including, but not limited to: Section 601 of the Civil Rights Act of 1964, Public Law 88-352 (42 U.S.C. 2000d) and Department of Defense Directive 5500.11 issued pursuant thereto and Army Regulation 600-7, entitled "Nondiscrimination on the Basis of Handicap in Programs and Activities Assisted or Conducted by the Department of the Army".

ARTICLE VIII - RELATIONSHIP OF PARTIES

A. In the exercise of their respective rights and obligations under this Agreement, the Government and the Non-Federal Sponsor each act in an independent capacity, and neither is to be considered the officer, agent, or employee of the other.

B. In the exercise of its rights and obligations under this Agreement, neither party shall provide, without the consent of the other party, any contractor with a release that waives or purports to waive any rights the other party may have to seek relief or redress against that contractor either pursuant to any cause of action that the other party may have or for violation of any law.

ARTICLE IX - TERMINATION OR SUSPENSION

A. Prior to conclusion of the *period of study*, upon 30 calendar days written notice to the other party, either party may elect without penalty to terminate this Agreement or to suspend future performance under this Agreement. In the event that either party elects to suspend future performance under this Agreement pursuant to this paragraph, such suspension shall remain in effect until either the Government or the Non-Federal Sponsor elects to terminate this Agreement.

B. If at any time the Non-Federal Sponsor fails to fulfill its obligations under this Agreement, the Assistant Secretary of the Army (Civil Works) shall terminate this Agreement or suspend future performance under this Agreement unless the Assistant Secretary of the Army (Civil Works) determines that continuation of performance of the *Study* is in the interest of the United States or is necessary in order to satisfy agreements with any other non-Federal interests in connection with the *Study*.

C. In the event future performance under this Agreement is suspended pursuant to Article II.C. of this Agreement, such suspension shall remain in effect until such time that the Government notifies the Non-Federal Sponsor in writing that sufficient Federal funds are available to meet the Federal share of *total study costs* the Government projects to be incurred through the then-current or upcoming *fiscal year*, or the Government or the Non-Federal Sponsor elects to terminate this Agreement.

D. In the event that this Agreement is terminated pursuant to this Article, the parties shall conclude their activities relating to the *Study* and conduct an accounting in accordance with Article IV.C. of this Agreement. To provide for this eventuality, the Government may reserve a percentage of total Federal funds made available for the *Study* and an equal percentage of the total funds contributed by the Non-Federal Sponsor in accordance with Article II.B.1.b. of this Agreement as a contingency to pay costs of termination, including any costs of resolution of contract claims and contract modifications. Upon termination of this Agreement, all data and information generated as part of the *Study* shall be made available to the parties to the Agreement.

E. Any termination of this Agreement or suspension of future performance under this Agreement in accordance with this Article shall not relieve the parties of liability for any obligation previously incurred. Any delinquent payment owed by the Non-Federal Sponsor shall be charged interest at a rate, to be determined by the Secretary of the Treasury, equal to 150 per centum of the average bond equivalent rate of the 13 week Treasury bills auctioned immediately prior to the date on which such payment became delinquent, or auctioned immediately prior to the beginning of each additional 3 month period if the period of delinquency exceeds 3 months.

ARTICLE X - NOTICES

A. Any notice, request, demand, or other communication required or permitted to be given under this Agreement shall be deemed to have been duly given if in writing and delivered personally or sent by telegram or mailed by first-class, registered, or certified mail, as follows:

If to the Non-Federal Sponsor:

Port of San Francisco
Attention: Executive Director
Pier 1, The Embarcadero
San Francisco, CA 94111

If to the Government:

U.S. Army Corps of Engineers
San Francisco District
Central Basin Dredging CAP 107 Project Manager
1455 Market St.

San Francisco, CA 94103-1398

B. A party may change the address to which such communications are to be directed by giving written notice to the other party in the manner provided in this Article.

C. Any notice, request, demand, or other communication made pursuant to this Article shall be deemed to have been received by the addressee at the earlier of such time as it is actually received or seven calendar days after it is mailed.

ARTICLE XI - CONFIDENTIALITY

To the extent permitted by the laws governing each party, the parties agree to maintain the confidentiality of exchanged information when requested to do so by the providing party.

ARTICLE XII - THIRD PARTY RIGHTS, BENEFITS, OR LIABILITIES

Nothing in this Agreement is intended, nor may be construed, to create any rights, confer any benefits, or relieve any liability, of any kind whatsoever in any third person not party to this Agreement.

[SEE NOTE - 28]

ARTICLE XIII - OBLIGATIONS OF FUTURE APPROPRIATIONS

A. Nothing herein shall constitute, nor be deemed to constitute, an obligation of future appropriations by the San Francisco Port Commission or the Board of Supervisors of the City and County of San Francisco, where creating such an obligation would be inconsistent with the Charter of the City and County of San Francisco, including, but not limited to, Charter Section 3.105 and the budgetary and fiscal provisions of the Charter.

B. The Non-Federal Sponsor intends to fulfill its obligations under this Agreement. The Non-Federal Sponsor shall include in its budget request or otherwise propose appropriations of funds in amounts sufficient to fulfill these obligations for that year, and shall use all reasonable and lawful means to secure those appropriations. The Non-Federal Sponsor reasonably believes that funds in amounts sufficient to fulfill these obligations lawfully can and will be appropriated and made available for this purpose. In the event funds are not appropriated in amounts sufficient to fulfill these obligations, the Non-Federal Sponsor shall use its best efforts to satisfy any requirements for payments or contributions of funds under this Agreement from any other source of funds legally available for this purpose. Further, if the Non-Federal Sponsor is unable to fulfill these obligations, the Government may exercise any legal rights it has to protect the Government's interests related to this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, which shall become effective upon the date it is signed by the District Engineer.

DEPARTMENT OF THE ARMY

PORT OF SAN FRANCISCO

BY: _____
John K. Baker, P.E.
District Engineer

BY: _____
Monique Moyer
Executive Director
Port of San Francisco

DATE: _____

DATE: _____

CERTIFICATE OF AUTHORITY

I, Eileen Malley, do hereby certify that I am the Deputy City Attorney for the City and County of San Francisco, serving as the principal legal officer for the Port of San Francisco, that the City and County of San Francisco acting by and through the Port of San Francisco is a legally constituted public body with full authority and legal capability to perform the terms of the Agreement between the Department of the Army and the City and County of San Francisco acting by and through the Port of San Francisco in connection with the feasibility study for the Central Basin Pier 70 Dredging Feasibility Study, and to pay damages, if necessary, in the event of the failure to perform in accordance with the terms of this Agreement and that the persons who have executed this Agreement on behalf of the City and County of San Francisco acting by and through the Port of San Francisco have acted within their statutory authority.

IN WITNESS WHEREOF, I have made and executed this certification this _____ day of _____ 20 ____.

Eileen Malley
General Counsel
Port of San Francisco

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Monique Moyer
Executive Director
Port of San Francisco

DATE: _____



MEMORANDUM

June 6, 2013

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Willie Adams
Hon. Leslie Katz
Hon. Mel Murphy

FROM: Monique Moyer *M. Moyer*
Executive Director

SUBJECT: Request approval of the Fiscal Year 2013-14 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Executive Summary

This item was presented as an information item at the May 28, 2013 Port Commission meeting and is now before the Commission for approval. No changes have been made to the below report since the May 28, 2013 meeting.

Monthly Rental Rate Schedule

On September 8, 1993, the Port Commission (Resolution No. 93-127, as amended by Resolution 93-135) delegated authority to the Executive Director to approve and execute leases, licenses, and Memorandums of Understanding on behalf of the Port, provided that the terms of these agreements meet certain parameters as found in the Port's Leasing Policy. Contained within the 1993 delegated authority is a schedule of minimum rental rates for leases that can be executed by the Executive Director without Port Commission approval. This delegation has been renewed annually. The current delegation, under Resolution 12-52 provides that the delegated authority can only be executed under the following criteria:

1. Use Type:

The agreement is for an office building or bulkhead office space, open or enclosed pier shed space, paved or unpaved open space, or open pier or apron space or rooftop space but is not for a retail use;

This Print Covers Calendar Item No. 10B

2. Use Consistency:
Except for temporary uses (with terms not exceeding six (6) months), the use under the agreement represents a like-kind use to the existing or the immediate prior use of the facility;
3. Assignments and Subleases:
Staff is authorized to consent to assignments and subleases on a form approved by the City Attorney and provided the terms and conditions of the sublease or assignment comply with the terms and conditions of the Lease;
4. As-Is Execution:
The tenant executes the Port's standard form agreement with no alterations except for minor changes approved by the City Attorney or changes in insurance requirements approved by the City Risk Manager;
5. Term Limits:
The term of the agreement does not exceed five (5) years, except for those leases in the Fisherman's Wharf Seafood Center at Pier 45 Sheds B and D that have a maximum lease term of ten (10) years (Port Resolution No. 94-122; Amended February 28, 2006, by Resolution No. 06-15). Leases for telecommunication sites may be up to nine (9) years (Port Resolution No. 96-123);
6. Select Tenant Improvement Allowance:
Port staff has the authority to issue tenant improvement allowances for floor and wall coverings if those credits do not result in the net rent over the term of the lease to be below the Minimum Net Effective Rental Rates found in the Rental Rate Schedule. Allowances for paint (amended June 8, 2010 by Resolution 37-10) up to a maximum of \$3.50 per square foot, and for floor covering, up to a maximum of \$5.00 per square foot (amended July 10, 2012 by Resolution 12-52), are allowable when: 1) new paint and/or floor covering is necessary in order to lease space in full service office buildings; and 2) Port staff is unable to perform such work prior to the proposed lease commencement date. These allowances are considered "landlord's work." therefore; such work is not included in calculating the minimum Initial Lease Rental Rates;
7. Limited Early Entry:
One month early entry for each year of lease term may be granted, up to three months, for the purpose of space preparation (not to exceed three months). (amended July 14, 2009 by Resolution No. 09-34);
8. Large Land Discount:
Port staff is authorized to offer a 5% discount for land transactions with a minimum premises of 43,560 square feet and a minimum term of 36 months (Amended June 8, 2010 by Resolution 10-37); and
9. Reporting to Port Commission:
Port staff provides a monthly report to the Port Commission indicating Leases,

Licenses, Memorandums of Understanding, consents to sublease, and assignments executed pursuant to this policy.

The Port's leasing policy provides for an annual update of the Rental Rate Schedule. The Schedule sets ranges of minimum lease/license rental rates per square foot and ranges of Minimum Net Effective Rental Rates per square foot (if any rent credits are to be provided) by type of use and facility for office, shed and industrial space. The current Rental Rate Schedule is attached hereto as Exhibit A.

Market Summary

San Francisco's unemployment rate in January 2013 was 6.8% up from 6.5% in December 2012. In 1Q 2013 San Francisco full service office asking rental rates for Class A buildings averaged \$4.50 per square foot, \$54.11 annualized; for Class B buildings, \$3.86 per square foot, or \$46.32 annualized; and for Class C buildings, \$3.26 per square foot, or \$39.17 annualized. The San Francisco office market continues to improve at a steady pace. Net absorption (the change in occupied space) for San Francisco was a positive 367,259 square feet in the first quarter. Asking rents strengthened and are on track to grow at a steady pace through 2013. *(Source: CB Richard Ellis 1Q San Francisco office).*

The demand for space along the waterfront is high. The Port's current office vacancy rate is about 8% (excludes facilities in the America's Cup Host Venue Agreement) which is lower than the citywide office vacancy rate of approximately 9.5%. The Port's combined average vacancy rate for office and warehouse is 1.5%. Comparatively, the Port's 1Q 2012 office vacancy rate was 10.0% and the citywide office vacancy rate was 9.8%. *(Source: CB Richard Ellis Q1 2013 San Francisco Office Report & SF Port Leasing Activity Report 1Q 2013).*

Port staff has reviewed available commercial data including market comparable of similarly situated properties to that of Port properties, the results of which are included in a table on page 8 of this report: *CB Richard Ellis San Francisco Office Submarket Report 1Q 2013*. Port staff also reviewed Port leasing activity for the prior 12 months (included as Exhibit B). This data demonstrates that the Port's current Rental Rate Schedule is generally in-line with current market conditions. However, there are some rates, as indicated below, that Port staff recommends changing to better reflect the current market conditions.

Staff's proposed Fiscal Year 2013-14 Monthly Rental Rate Schedule is attached as Exhibit C. The Port has contracted with Keyser Marston Associates (KMA), a third party consultant, to review the proposed Fiscal Year 2013-14 Monthly Rental Rate Schedule. The KMA report is attached to the end of this report.

Port staff continues to have the authority to negotiate higher rates than those found in the Rental Rate Schedule and, conversely, staff has the flexibility to quote rates in the mid-range or lower range of the Rental Rate Schedule when justified, for properties that may be physically sub-standard or oddly configured. In the majority of transactions, Port staff successfully negotiates rates above the Minimum Monthly Rent Parameters.

Office buildings are classified according to a combination of location and physical characteristics. *Class B* and *Class C* buildings are always defined in reference to the qualities of *Class A* buildings. There is no formula for classification but rather buildings are evaluated subjectively.

The majority of Port-managed office spaces primarily fall into the *Class C* category of office space with the exception of the Roundhouse Plaza, Pier 9, Pier 26 Annex, Pier 33½, and Pier 35, which are considered *Class B*. Note that the Port's portfolio contains *Class A* space that is managed by master tenants and not subject to the Port's Rental Rate Schedule such as the Ferry Building, Pier 1, Pier 1½, and Piers 3 and 5.

Class A office space can be characterized as buildings that have excellent location and access, attract high quality tenants, and are managed professionally. Building materials are of high quality and rents are competitive with other new buildings. *Class A* office buildings are usually located in central financial districts with higher-end amenities and lobbies. *Class A* office buildings are usually steel-framed and tall. Current rental rates for *Class A* office full service space in San Francisco's Financial District average \$4.50 per square foot per month or \$54.11 annualized. In the submarket of Jackson Square/North Waterfront, rates are \$3.62 per square foot per month or \$43.50 annualized. The Port does not directly manage any *Class A* office buildings. (Source: CB Richard Ellis 1Q 2013 San Francisco Office).

Class B buildings have good (versus excellent) locations, management and construction, and tenant standards are high. *Class B* buildings have very little functional obsolescence and deterioration. In practical terms, *Class B* buildings are usually newer, wood-framed buildings or older and/or former *Class A* buildings. *Class B* office buildings are usually three stories or less. The average San Francisco *Class B* full service office rents as of 1Q 2013 range from \$3.13 to \$3.86 per square foot per month or \$37.56 to \$46.32 to per square foot annualized. (Source: CB Richard Ellis 1Q 2013 San Francisco Office). The Port has approximately 150,000 square feet of *Class B* office space.

Comparatively, the average Port of San Francisco *Class B* net and full service office space for the 1Q 2013 ranges from \$2.25 to \$4.15 per month or \$27.00 to \$49.80 per square foot annualized. The range is somewhat wider than the overall City average due largely to the fact that the Port manages both full service and net *Class B* offices in both the northern and southern waterfront. Typically, office located in the southern waterfront command a lower rate due to the remote location away from transportation and other local amenities. (Source: Port of San Francisco Lease Activity Exhibit B)

Class C buildings are typically 15 to 25 years old but are maintaining steady occupancy. The Port has 180,000 square feet of *Class C* office space. A fair number of the *Class C* office spaces in the Port's inventory are not truly office buildings but rather walk-up office spaces above retail or service businesses. The average San Francisco *Class C net and full service* office space for the same period shows rental rates averaging \$3.26 per square foot per month or \$39.16 per square foot annualized. Note that the majority of these are full service leases. (Source: CB Richard Ellis 1Q 2013 San Francisco Office).

In 1Q 2013 the average Port of San Francisco *Class C* net and modified net office space for the same period ranges from \$1.75 to \$2.66 per square foot per month or

\$21.00 to \$31.92 per square foot annualized. The reason that the Port average is lower than the City is because 90% of Port Class C space is located in the Southern Waterfront further away from downtown. (Source: Port of San Francisco Lease Activity Exhibit B)

The Port's *Class C* per square foot range is one-third lower than the overall City average in part due to the variety of geographic locations in which the Port's *Class C* office spaces are located and the majority are net leases rather than full service leases. The Port's seven miles of waterfront has some offices near public transportation, close to downtown, and other amenities. Typically these offices are located in the northern or central waterfront and therefore command higher rental rates, which are more in line with the City's Class C rates. However, the bulk of the Port's *Class C* office space is located in more remote areas of the waterfront such as the southern waterfront where rental rates are slightly lower on and off of Port property. Additionally, Port *Class C* offices are usually leased on a triple net basis which typically adds \$1.00 to \$1.25 per square foot in additional expenses to tenant's rental payments. Modified net leases include common area janitorial services. The majority of City Class C offices is leased at full service rates that include janitorial and maintenance services and therefore commands a higher price.

Submarket	NRA	Total Vacancy % ¹	Total Vacant SF	Total Availability %	Total Direct Available	Total Sublease Available	Average Asking Rate ²	Q1 Net Absorption	YTD Net Absorption
Financial District	26,238,955	8.6%	2,256,513	12.8%	2,935,141	429,832	\$51.98	(97,938)	(97,938)
Class A	19,554,154	8.5%	1,669,513	12.7%	2,164,384	336,825	\$54.11	(137,764)	(137,764)
Class B	5,863,531	9.5%	563,426	14.0%	731,601	91,332	\$46.40	41,252	41,252
Class C	721,270	3.4%	24,574	5.7%	39,666	1,675	\$39.17	(1,426)	(1,426)
South Financial District	20,507,521	7.7%	1,577,988	13.5%	2,367,242	397,546	\$53.14	116,248	116,248
Class A	17,114,067	6.5%	1,130,156	12.9%	1,851,443	364,634	\$54.52	179,736	179,736
Class B	2,562,756	13.5%	347,551	16.1%	384,801	29,316	\$47.19	(59,213)	(59,213)
Class C	830,698	12.1%	100,281	16.3%	130,998	4,596	\$43.44	(4,275)	(4,275)
CSB*	46,746,476	8.2%	3,834,501	13.1%	5,302,383	827,378	\$52.49	18,310	18,310
Class A	36,768,221	7.5%	2,799,669	12.9%	4,015,827	701,459	\$54.30	41,972	41,972
Class B	8,426,237	10.5%	909,677	14.7%	1,115,892	119,648	\$46.61	(17,961)	(17,961)
Class C	1,551,968	8.0%	124,855	11.4%	170,664	6,271	\$41.45	(5,701)	(5,701)
North Waterfront/Jackson Sq	4,941,744	8.3%	411,855	13.4%	544,473	118,245	\$41.92	68,114	68,114
Class A	1,574,219	4.5%	71,002	5.7%	71,002	18,001	\$43.50	54,942	54,942
Class B	2,720,474	10.3%	280,174	16.2%	349,365	94,998	\$41.33	28,068	28,068
Class C	646,051	9.5%	60,679	20.4%	125,106	5,246	\$40.55	(14,896)	(14,896)
South of Market	6,331,150	4.5%	284,572	9.6%	462,135	144,975	\$53.91	(50,369)	(50,369)
Class A	2,582,326	4.5%	110,673	6.7%	134,601	39,695	\$58.39	(26,903)	(26,903)
Class B	2,850,235	5.7%	161,061	14.4%	314,896	65,160	\$55.25	(27,589)	(27,589)
Class C	898,589	1.4%	12,638	2.5%	12,638	10,119	\$43.99	4,100	4,100
Yerba Buena	3,277,522	7.4%	241,819	19.8%	623,440	24,155	\$49.35	77,564	77,564
Class A	928,001	8.5%	80,116	29.7%	275,060	0	\$53.67	16,267	16,267
Class B	1,937,716	6.5%	132,482	16.4%	294,458	24,155	\$48.85	(34,881)	(34,881)
Class C	411,805	7.1%	29,221	12.9%	52,922	0	\$42.03	(3,842)	(3,842)
South of Market West	3,346,803	14.4%	481,811	24.8%	830,842	0	\$42.79	9,841	9,841
Class A	1,296,043	9.7%	125,676	29.3%	380,389	0	\$45.15	(24,439)	(24,439)
Class B	1,594,940	20.2%	290,945	25.1%	349,513	0	\$41.51	34,674	34,674
Class C	555,820	9.9%	64,890	15.4%	100,941	0	\$40.83	(3,951)	(3,951)
Mission Bay/China Basin	2,510,383	18.6%	467,466	20.8%	475,972	46,157	\$63.11	(15,557)	(15,557)
Class A	2,510,383	18.6%	467,466	20.8%	475,972	46,157	\$63.11	(15,557)	(15,557)
Potrero Hill	1,914,652	16.7%	319,868	17.8%	315,498	25,242	\$47.46	1,365	1,365
Class A	257,109	5.5%	14,250	5.5%	0	14,250	\$49.63	16,147	16,147
Class B	1,221,209	20.2%	247,611	21.0%	254,891	0	\$48.38	(7,961)	(7,961)
Class C	436,334	13.4%	58,607	16.0%	59,607	10,992	\$43.59	(13,986)	(13,986)
Civic Center/Van Ness	1,886,302	11.3%	212,902	13.7%	228,293	30,631	\$38.37	11,126	11,126
Class A	609,236	2.5%	53,778	13.4%	69,169	12,312	\$42.08	11,406	11,406
Class B	816,081	7.5%	62,265	9.9%	62,265	18,319	\$37.57	(283)	(283)
Class C	460,985	21.0%	96,859	21.0%	96,859	0	\$32.11	0	0
Union Square	3,695,849	7.3%	268,563	11.3%	366,990	48,802	\$45.74	(39,544)	(39,544)
Class A	335,200	2.3%	7,602	2.5%	6,219	1,783	\$47.85	0	0
Class B	2,317,065	5.8%	135,513	10.5%	205,869	40,415	\$40.59	(25,180)	(25,180)
Class C	1,043,564	12.0%	125,248	15.4%	154,902	6,603	\$43.21	(4,364)	(4,364)
San Francisco Office Market	74,650,881	8.7%	6,523,357	14.0%	9,130,026	1,268,588	\$50.79	80,850	80,850
Class A	46,560,738	8.0%	3,730,932	13.4%	5,429,838	833,659	\$54.03	113,859	113,859
Class B	21,993,027	10.2%	2,219,428	15.4%	2,948,149	392,693	\$40.39	(43,645)	(43,645)
Class C	6,097,116	6.4%	572,697	13.3%	752,039	32,234	\$41.45	(49,064)	(49,064)

Industrial And Warehouse

The Bay Area has approximately 159 million square feet of warehouse rental space, which is divided into four primary regions: The East Bay I-80/880 Corridor has the majority of the warehouse rental space, then Santa Clara County and San Mateo County followed by San Francisco, which represents approximately 12% of the total Bay Area warehouse rental space. The San Francisco industrial market consists of three major submarkets: Mission/South of Market (SOMA), 3rd Street Corridor/Potrero Hill and Bayview/India Basin. The combined total building inventory for industrial use in these zones is approximately 19.3 million square feet, more than three quarters of which is located in the Mission/SOMA and 3rd Street Corridor/Potrero Hill areas. (Source: Cassidy Turley 1Q 2013 Warehouse Market Bay Area)

The Port's industrial properties have various levels of improvements including partitions, fencing, electrical service, plumbing, etc. These industrial/warehouse spaces are typically leased under "net" leases with space defined as "gross leasable area." Demand for Port warehouse and industrial space has strengthened through 1Q 2013.

The majority of Port warehouses are categorized as *Class C*. These spaces lack loading docks, attached office space, non-permeable concrete floors, and share a common drive aisle. Despite the limited infrastructure, the Port has been able to negotiate rental rates comparable to those of private landlords. The previous twelve-month average Port rates have been \$0.85 to \$1.25 per square foot or \$10.20 to \$15 per square foot annualized. This is higher than current comparable rental market conditions as discussed below.

The San Francisco-Bay Area industrial and warehouse market-wide vacancy rate stood at 8.75% at the end of the 1Q 2012 compared to 7.96% 1Q 2013. Average asking rents vary by submarket from \$0.39 to \$0.78 per square foot per month, gross. The current Port rents for warehouse space range from \$0.75 to \$1.25 per square foot or \$10.20 to \$15 annualized. Despite limited infrastructure of Port warehouse properties, staff has been able to negotiate rates above the San Francisco average. During the prior reporting period, 1Q 2012, the Port's industrial and warehouse vacancy was 2.3%. The Port's current warehouse vacancy rate is 0.3% (excludes facilities in the America's Cup Host Venue Agreement). The Port's combined average vacancy rate for office and warehouse is 1.5% (Source: Cassidy Turley Bay Area Warehouse Report 1Q 2013& Port Leasing Activity Report 1Q 2013)

Bay Area First Quarter 2013

	Inventory	Sublet Vacant	Direct Vacant	Vacancy Rate	Current Net Absorption	YTD Net Absorption	Under Construction	Average Asking Rent
Submarket								
SF County	20,345,162	83,072	1,052,939	5.58%	73,249	73,249	0	\$0.78
San Mateo County	40,788,361	432,769	2,676,588	7.62%	648,000	648,000	0	\$0.71
East Bay Oakland	74,175,132	1,047,110	4,933,902	8.06%	9,498	9,498	0	\$0.39
Santa Clara County	31,267,798	223,104	2,807,663	9.69%	4,605	4,605	0	\$0.51
TOTAL	166,576,453	1,786,065	11,471,092	7.96%	735,352	735,352	0	\$0.53

(Source: Cassidy Turley Bay Area Warehouse Report 1Q 2013)

Monthly Rental Rate Schedule

The Fiscal Year 2013-14 Monthly Rental Rate Schedule presented for Port Commission review and approval provides two sets of rental rate ranges. The first, entitled *Minimum Initial Lease Rental Rates*, represents the market rent range for the first year of the lease. The second, entitled *Minimum Net Effective Rental Rates*, represents the net effective rent calculated and applied over the lease term after rent credits for flooring and wall coverings are amortized over the term of the lease. The proposed Monthly Rental Rate Schedule for Fiscal Year 2013-14 is attached hereto as Exhibit C.

Port leases, licenses, and Memorandums of Understanding are annually indexed by either the Consumer Price Index (CPI) or fixed rate adjustments currently ranging from 2.5% to 3.5%. The Port may increase the rental rates more frequently with 30-days written notice if the agreement is on month-to-month holdover status.

Proposed Changes to Fiscal Year 2013-14 Monthly Rental Rate Schedule

Port staff proposes changes to the Fiscal Year 2013-14 Monthly Rental Rate Schedule for office and industrial shed space consistent with review of the market rates.

The following changes are proposed:

1. The following office properties are currently in high demand and are experiencing limited vacancy rates. Staff recommends revising minimum monthly rents for these locations in recognition of demand and limited vacancy at these locations.

Office Class B Gross Leases

Item #	Facility	From Minimum Rate per sq. ft. / month	New Minimum Rate per sq. ft. / month
a)	Roundhouse	\$2.25	\$2.50

Office Class B Net Leases

Item #	Facility	From Minimum Rate per sq. ft. / month	New Minimum Rate per sq. ft. / month
a)	Pier 9 Bulkhead Bldg.	\$2.50	\$3.00
b)	Pier 9 office	\$2.25	\$2.75
c)	Pier 26 Annex Bldg.	\$2.50	\$3.00

Office Class C Net

Item #	Facility	From Minimum Rate per sq. ft. / month	New Minimum Rate per sq. ft. / month
a)	Pier 9 Studio/office	\$1.75	\$2.25
b)	Pier 23 Bulkhead	\$1.25	\$2.00
c)	Pier 29 Annex Bldg.	\$1.35	\$2.50
d)	Pier 54 office	\$1.45	\$1.60
e)	601 Cesar Chavez	\$1.00	\$1.25
f)	490 Jefferson Street	\$1.25	\$2.25
g)	Office Storage all facilities	\$1.00	\$1.50

2. The following Industrial/warehouse shed and land properties generate high demand. Real Estate staff recommends revising minimum monthly rents for these locations:

Pier Shed and Land:

Northeast Waterfront

Item #	Facility	From Minimum Rate per sq. ft. / month	New Minimum Rate per sq. ft. / month
a)	Piers 9	\$1.25	\$1.50
b)	Pier 33-35	\$0.85	\$0.95
c)	Piers 19	\$0.85	\$1.25
d)	Pier 23	\$0.85	\$1.25
e)	Pier 29	\$0.00	\$1.25

South Beach/China Basin

Item #	Facility	From Minimum Rate per sq. ft. / month	New Minimum Rate per sq. ft. / month
a)	Pier 26-28	\$0.85	\$0.95
b)	Pier 40	\$0.85	\$0.95
c)	Pier 48	\$0.90	\$1.25
d)	Pier 54	\$0.75	\$1.25
e)	Pier 50	\$0.85	\$1.25

Southern Waterfront

Item #	Facility	From Minimum Rate per sq. ft. / month	New Minimum Rate per sq. ft. / month
a)	SWLs 343 & 354	\$0.75	\$0.85
b)	SWL 345	\$0.75	\$0.85
c)	Pier 80 M&R (non Maritime)	\$0.75	\$0.95
d)	Pier 92 & SWLs 344 & 349	\$0.75	\$0.85
e)	Pier 96 M & R	\$0.75	\$0.90

Open Land and Pier Uses

Industrial Gross Leases

Item #	Facility	From Minimum Rate per sq. ft. / month	New Minimum Rate per sq. ft. / month
a)	Unpaved Land	\$0.22	\$0.30
b)	Paved Land	\$0.25	\$0.35
c)	Improved Land	\$0.30	\$0.40
d)	Submerged Land	\$0.11	\$0.16
e)	Aprons	\$0.25	\$0.35

3. The rental rates at Pier 45 Fish Processing Center were last adjusted in 2012. Port staff recommends adjustments in the following rate categories to better reflect current market conditions in the fishing industry.

Fishing Industry Pier Shed and Land

Item #	Facility	From Minimum Rate per sq. ft. / month	New Minimum Rate per sq. ft. / month
a)	Pier 45 Sheds	\$0.80	\$0.95
b)	Fish Gear Storage	\$0.25	\$0.30
c)	Non-Berth Holders	\$0.30	\$0.45
d)	Aprons	\$0.22	\$0.24
e)	Fish Gear Storage Non-Berth Holders	\$0.45	\$0.55

(Research sources: Port of San Francisco, Santa Cruz Harbor, Pilar Point Harbor, Spud Point Harbor, Morro Bay Harbor, Crescent City Harbor)

4. Color Curb Program

Due to the emerging neighborhoods in the Southern Waterfront, the Port is establishing guidelines and pricing for colored curbs in the Southern Waterfront. Color Curb Zones in the Northern Waterfront and in front of the Ferry Building will continue to be reviewed by the Port on a case-by-case basis.

Tenants and non-tenants whose sidewalks/curbs abut Port property may make a request to have a color zone curb designated, following the color curb guidelines established by the Harbor Code.

The Port has a long-standing policy of charging for parking, including curb zones, throughout the waterfront. The Port's methodology for determining the fee for curb zones has been to charge a monthly fee which is equivalent to a rate that the Port would otherwise expect to receive from paid parking had the equivalent curb zone been metered. The proposed curb rates represent amounts which are lower than a fully metered space would be with the expectation that the Port will collect some additional

metered revenues from after hours and special event usage.

5. White Zones

White Zones are for passenger loading and unloading with a time limit of 5 minutes. The effective time that the white zone is in effect may vary and the Port may meter such zones for metered parking when white zones are not in use. For example, meter rates may apply on evenings and weekends when offices are closed and special events are scheduled. Posted signs and sidewalk stencils are used to indicate flex times.

Size of zone	Application fee	Set up fee	Monthly Fee	Additional zone
1-22 feet	\$0	\$200	\$265	\$265/mo.

Meter charges during flex time will be priced at standard meter rates for the surrounding area and will be posted accordingly.

6. Yellow Zones

Yellow zones are for active 30 minute freight loading and unloading only by commercial vehicles. Yellow zones are NOT intended for long-term parking of vehicles with commercial license plates. The effective times of yellow zones vary and are indicated by signs on the meter and/or by stencils on the curb. All Yellow Zones will be metered and charged at standard meter rates for the surrounding area and will be posted accordingly.

Size of zone	Application fee	Set up fee	Monthly Fee	Additional zone
20-44 ft.	\$0	\$300	\$0	\$0

Telecommunications Leases

The Port may enter into leases for telecommunication sites for up to nine years without Port Commission approval (Port Commission Resolution No. 96-123). Based on recent transactions, Port staff is recommending a minimum rental rate of \$5,700.00 per month for each fixed site and \$380.00 per day for temporary sites for up to sixty-days.

Parking

The Port operates a number of parking facilities where the Port leases individual parking stalls on a monthly basis totaling 374 stalls with annual revenues of \$546,806 as of May 1, 2013 as compared to the same period last fiscal year of \$477,996, an increase of approximately 9%. The majority of the stall holders are Port tenants. A map is attached as Exhibit D1 that shows the location of those facilities at which the Port currently offers monthly parking.

On July 10, 2012, by Resolution No. 12-52, the Port Commission approved its Fiscal Year 2012-13 Monthly Parking Stall Rate Schedule. This Monthly Parking Stall Rate Schedule is presented annually to the Port Commission for its review and approval. Accordingly, staff herein presents this Monthly Parking Stall Rate Schedule for Fiscal

Year 2013-14 for the Port Commission's review as included below.

Since the last parking stall rate review, the parking market has experienced improvement. Port staff recently conducted a survey of comparable parking facilities in the vicinity of Port property where the Port rents monthly parking stalls, attached hereto as Exhibit D2. The survey determined that the monthly parking stall rates for Port facilities are general in-line with current market rates, however there are some categories in the FY 2013-14 Parking Rate Schedule that staff proposes increasing to better reflect current market conditions. Please note that the parking rates in this report do not include any City parking tax, currently 25%, which is paid by the stall holder and remitted to the City Tax Collector.

Proposed Changes to FY 2013-14 Monthly Parking Rate Schedule

Site	Parking Type	Current Rate		Proposed Rate		Increase (Tax Included)
		Rent	Rent & Tax	Rent	Rent & Tax	
Agriculture Bldg	Building Tenant	\$316	\$395	\$320	\$400	\$5
Pier 9	Shed	\$272	\$340	\$280	\$350	\$10
Wharf J3	Commercial Tenant	\$252	\$315	\$252	\$315	\$0
	Restaurant Tenant	\$164	\$205	\$164	\$205	\$0
	Fishing Industry Tenant	\$60	\$75	\$60	\$75	\$0
Pier 45, Sheds A/C	Commercial Tenant	\$272	\$340	\$272	\$340	\$0
	Restaurant Tenant	\$164	\$205	\$164	\$205	\$0
	Fishing Industry Tenant	\$60	\$75	\$60	\$75	\$0
Seawall Lot 302	Commercial Tenant	\$268	\$335	\$268	\$335	\$0
	Restaurant Tenant	\$164	\$205	\$164	\$205	\$0
	Sport Fishing Tenant	\$96	\$120	\$96	\$120	\$0
Seawall Lot 303	Commercial Tenant	\$256	\$320	\$256	\$320	\$0
	Restaurant Tenant	\$164	\$205	\$164	\$205	\$0
Pier 28	Shed	\$272	\$340	\$280	\$350	\$10
Pier 80	Admin Bldg, Uncovered	\$32	\$40	\$32	\$40	\$0
	Truck	\$124	\$155	\$124	\$155	\$0
Pier 90	Truck	\$126.4	\$158	\$126.4	\$158	\$0
Pier 94	Truck	\$124	\$155	\$124	\$155	\$0
Pier 96	Truck	\$124	\$155	\$124	\$155	\$0

The Port makes available parking stalls, at cost, for its employees' vehicles. The parking lot operator at SWL 324 (Broadway lot) is required to provide 40 parking spaces at SWL

324 for Port employees at no cost to the Port. The Port has converted 25 underutilized metered spaces on Davis Street for Port employee parking.

Proposed Port Employees Monthly Parking Rate for FY 2013-14

Facility	For	Current Rate		Proposed Rate		Increase (Tax Included)
		Rent	Rent & Tax	Rent	Rent & Tax	
Seawall Lot 351	Port Commissioner, Executive Director	\$128	\$160	\$140	\$175	\$15
	Employees who have been granted a reasonable accommodation under the Americans with Disabilities Act	\$59.2*	\$74*	\$60.8*	\$76*	\$2
Seawall Lot 324	Employees assigned to Pier 1; parking available for one employee vehicle used for commuting	\$59.2*	\$74*	\$60.8*	\$76*	\$2
Pier 50 or at jobsite	Employees assigned to Pier 50 or whose collective bargaining agreement allows for free parking; one automobile space for vehicle used by the employee for commuting (no boats, trailers, three-axle vehicles, etc.)	\$0	\$0	\$0	\$0	\$0

*The rate is equivalent to the cost of a MUNI monthly pass plus \$10. It will be adjusted correspondingly to future MUNI monthly pass increases. Current cost of MUNI monthly pass is \$64 and will be increased to \$66 effective July 1, 2013.

Proposed Changes to the FY 2013-14 Pier 52 Parking Meter Rate Schedule

Site	Type	Current Rate	Proposed Rate	Increase
Pier 52 Boat Launch	Uncovered Parking	\$1.25 /hr/vehicle	\$1.25 /hr/vehicle	\$0
Pier 52 Boat Launch	Uncovered Parking	\$5 /24hrs w/ boat trailer	\$5 /24hrs w/ boat trailer	\$0

Note: Staff is continually reviewing parking meter revenue and Pier 52 meter charges may be increased in the future.

Special Events And Filming

The Port's seven and one half (7.5) miles of waterfront property is a popular venue for special events and filming projects produced each year in the City. Among the most

notable special events are *Fleet Week*, *4th of July Celebration and Fireworks*, *Sunday Streets*, *New Year's Eve*, *Giant's Fanfest* and the *Nike Women's Marathon*.

A number of major motion pictures and television series have been produced on Port property including the episodic television series produced by HBO and the *Woody Allen* feature *Blue Jasmine*.

The Port is also very popular with advertisers that account for the majority of still photo shoots that occur at the Port. From elegant fashion and auto ads located at Pier 7 to the more urban industrial projects shot in the Southern Waterfront, the Port offers a variety of locations sought after by creative photographers.

In order to standardize film and photography related fees charged for various Port facilities, Port staff has established a Special Event and Filming Fee Schedule. The schedule is reviewed annually to reflect current market conditions and submitted to the Port Commission for re-approval.

There are several recurring Special Events/Uses that have a strong maritime or community connection to the Port of San Francisco and have customarily been given either a fee waiver or fee reduction by the Port Commission on an ad hoc basis. In order to streamline the administrative process and costs associated with preparing individual Port Commission Agenda Items for each event, staff recommends that the Port Commission approve the recommended fees for these events.

1. Proposed Fee Waiver: *4th of July Celebration*; *Fleet Week*; *City's New Year's Eve Celebration* and *Madonna Del Lume*.
2. Ongoing Fee Reductions: *Small Boat Fishing Gear Swap Meet*, \$300 versus \$2,000; and *Delancey Street Christmas Tree Lot*, \$3,528 versus \$7,055.

The methodology for deriving the fees described in the Special Events and Filming Fee Schedule is a combination of market research, continuous dialog with special events promoters and the Port's own experience at negotiating fees.

In Fiscal Year 2012-13 special events and filming generated a combined total of \$45,342 in revenues to the Port (as of May 2013). Of this amount, special events generated \$43,528 and filming \$1,814. Much of the film permitting is done by the Film Commission and those fees are retained by the Film Commission.

Proposed FY 2013-14 Special Event And Filming Rate Schedule

Port staff recommends increases to the FY 2013-14 Special Event and Filming Rate Schedule, which is listed on Exhibit E. The proposed increases are for activities at Pier 30/32 and Pier 48.

RECOMMENDATION

Port staff recommends that the Port Commission approve the Fiscal Year 2013-14 Monthly Rental Rate Schedule, Monthly Parking Stall Rates (monthly parking stall schedule in staff report), and Special Event and Filming Rates, attached hereto as Exhibits C and E. If approved the Fiscal Year 2013-14 rates will take effect on July 1, 2013.

Prepared by: Jeffrey A. Bauer, Senior Leasing Manager
For: Susan Reynolds, Director of Real Estate

ATTACHMENTS:

Exhibit A	2012-2013 Minimum Monthly Rental Rate Schedule
Exhibit B	Port Active Office and Warehouse Rental Transactions
Exhibit C	2013-2014 Minimum Monthly Rental Rate Schedule
Exhibit D1	Parking Facilities Located in the Vicinity
Exhibit D2	Parking Facilities Located in the Vicinity
Exhibit E	2013-2014 Special Events and Filming Fee Schedule
Exhibit F	Office, Bulkhead Office and Pier Shed Vacancy Rate
Exhibit G	Keyser Marston Memorandum

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 13-24**

- WHEREAS, By Resolution No. 93-127, adopted September 8, 1993, and as amended by Resolution 93-135, the Port Commission authorized the Executive Director to approve and execute certain transactional documents such as leases and licenses that conform to all of the parameters set forth in Resolutions No. 93-127 and 93-135; and
- WHEREAS, The parameters (including the delegated authorities) in the Resolutions have been revised and updated annually, most recently by Resolution No. 12-52 for the fiscal year 2012-13; and
- WHEREAS, The parameters provide that leases, licenses, and Memorandums of Understanding shall have rents that conform to the Monthly Rental Rate Schedule, Parking Stall Rate Schedule, and Special Event and Filming Rate Schedule as adopted and amended periodically by the Port Commission; and
- WHEREAS, Port staff has reviewed current office/industrial-warehouse, parking, and special event and filming market data and has prepared and recommended updated delegated authorities and updated Fiscal Year 2013-14 Monthly Rental Rate Schedule, Monthly Parking Stall Rate Schedule, and Special Event and Filming Rate Schedule; and
- WHEREAS, Port staff recommends approval of the list of delegated authorities specified in the staff report and the Fiscal Year 2013-14 Monthly Rental Rate Schedule, Parking Rate Schedule, and Special Events and Filming Rate Schedule which would set rental rates for office, shed, and land space, color curbs, telecommunication sites, monthly parking stalls, and special event and filming rates as described in the staff report; and
- WHEREAS, Port staff recommends approval of proposed fee waiver for the following special events, 4th of July Celebration, Fleet Week, City's New Year's Eve Celebration, Madonna Del Lume; and
- WHEREAS, Port staff further recommends approval of fee reductions for the Small Boat Fishing Gear Swap Meet, and Delancey Street Christmas Tree Lot as described in the staff report; now, therefore be it

RESOLVED, That the Port Commission hereby approves and adopts the delegated authorities and the Fiscal Year 2013-14 Monthly Rental Rate Schedule, Parking Rate Schedule, Special Event and Filming Rate Schedule, and approval of proposed fee waiver and fee reductions for certain special events as described in this Resolution; and be it further

RESOLVED, That Port staff shall continue to provide the Port Commission, within thirty days following each calendar month, a summary of leases, licenses, and Memorandums of Understanding entered into and subleases or assignments consented to during that month.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of June 11, 2013.

Secretary

2012-13 MINIMUM MONTHLY RENTAL RATE SCHEDULE⁺

<u>TYPE OF USE & TYPE OF LEASE</u>	<u>CLASS & LOCATION OF FACILITY/SPACE</u>	<u>MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.</u>	<u>MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*</u>
<u>OFFICE SPACE USES:</u>			
<u>FULL SERVICE GROSS LEASES:</u>	<u>CLASS B</u>		
	Roundhouse Plaza	\$2.25 - 2.75	\$2.00 - \$2.50
	<u>CLASS C</u>		
	Agriculture Building		
	Window Office	\$2.30 - 2.55	\$2.20 - \$2.35
	Interior Office	\$1.50 - 2.00	\$0.98 - \$1.48
	401 Terry Francois	\$2.50 - 2.70	\$2.20 - \$2.50
<u>NET LEASES:</u>			
	<u>CLASS B</u>		
	Pier 9 Bulkhead Bldg.	\$2.50 - 2.75	\$2.30 - \$2.60
	Pier 9 Pier Offices	\$2.25 - 2.50	\$2.20 - \$2.20
	Pier 26 Annex Bldg.	\$2.50 - 2.90	\$2.40 - \$2.90
	Pier 33 ½ North	\$2.50 - 3.00	\$2.25 - \$2.75
	Pier 35 Bulkhead Bldg.	\$2.50 - 2.75	\$1.75 - \$2.25
	<u>CLASS C</u>		
	Pier 9 Studio/office	\$1.75 - 2.00	\$1.50 - \$1.75
	Piers 23 Bulkhead Bldgs.	\$1.25 - 2.00	\$1.00 - \$1.75
	Pier 29 Annex Bldg.	\$1.35 - 1.60	\$1.35 - \$1.44
	Pier 35 Interior office	\$1.75 - 2.00	\$1.50 - \$1.75
	490 Jefferson St.	\$1.25 - 1.50	\$1.10 - \$1.25
	Piers 26 Bulkhead Bldg.	\$2.00 - 2.25	\$1.75 - \$1.50
	Pier 28 Bulkhead Bldg.	\$2.00 - 2.25	\$1.25 - \$1.75
	Piers 50 Bulkhead Bldg.	\$2.00 - 2.25	\$1.55 - \$1.75
	Pier 54 Office	\$1.45 - 1.60	\$1.20 - \$1.40
	Pier 70, Building 11	\$1.10 - 1.25	\$1.00 - \$1.20
	671 Illinois Street	\$1.00 - 1.10	\$0.80 - \$1.00
	501 Cesar Chavez	\$1.25 - 1.50	\$1.10 - \$1.25
	601 Cesar Chavez	\$1.00 - 1.25	\$0.90 - \$1.05
	696 Amador	\$1.25 - 1.50	\$1.00 - \$1.40
	Pier 96 Admin. Bldg.	\$1.25 - 1.40	\$1.00 - \$1.25
	Pier 96 Gate House Bldg.	\$1.10 - 1.25	\$0.75 - \$1.00
<u>OFFICE STORAGE</u>	All Facilities	\$1.00 - 1.00	\$1.00 - \$1.00

Exhibit A

<u>TYPE OF USE & TYPE OF LEASE</u>	<u>MINIMUM CLASS & LOCATION OF FACILITY/SPACE</u>	<u>MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.</u>	<u>NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*</u>
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INDUSTRIAL SHED USES:

INDUSTRIAL GROSS LEASES:

NORTHEAST WATERFRONT

Pier 9	\$1.25 - 1.25	\$1.25 - \$1.25
Pier 33 - 35	\$0.85 - 0.95	\$0.70 - \$0.80
Pier 19	\$0.85 - 0.95	\$0.75 - \$0.80
Pier 23	\$0.85 - 0.95	\$0.75 - \$0.80
Pier 47 shed storage	\$0.75 - 1.00	\$0.70 - \$0.90
SWL 302 storage	\$0.75 - 1.00	\$0.65 - \$0.75

SOUTH BEACH/CHINA BASIN

Pier 24 Annex	\$1.18 - 1.25	\$1.18 - \$1.25
Piers 26-28-40	\$0.85 - 1.00	\$0.75 - \$1.00
Piers 48	\$0.90 - 1.10	\$0.85 - \$1.00
Pier 50	\$0.85 - 1.00	\$0.65 - \$0.75
Pier 54 Shed	\$0.75 - 0.75	\$0.60 - \$0.70

SOUTHERN WATERFRONT

SWLs 343 & 354	\$0.75 - 0.85	\$0.80 - \$0.75
SWL 345	\$0.75 - 1.00	\$0.70 - \$0.80
Facility 6019	\$0.55 - 0.55	\$0.55 - \$0.55
Pier 80	\$0.75 - 0.85	\$0.80 - \$0.75
Pier 92 & SWLs 344 & 349	\$0.75 - 0.85	\$0.80 - \$0.75
Pier 96 M & R	\$0.75 - 0.85	\$0.80 - \$0.75

**OPEN LAND AND
PIER SPACE USES:**

INDUSTRIAL GROSS LEASES:

"PORT STANDARD NET LEASE"

UNPAVED LAND

\$0.22 - 0.25	\$0.18 - \$0.20
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PAVED LAND

\$0.25 - 0.25	\$0.20 - \$0.23
---------------	-----------------

IMPROVED LAND

\$0.30 - 0.30	\$0.22 - \$0.28
---------------	-----------------

SUBMERGED LAND

\$0.11 - 0.15	\$0.10 - \$0.14
---------------	-----------------

Aprons

\$0.25 - 0.25	\$0.22 - \$0.25
---------------	-----------------

Exhibit A

<u>TYPE OF USE & TYPE OF LEASE</u>	<u>CLASS & LOCATION OF FACILITY/SPACE</u>	<u>MINIMUM INITIAL LEASE RENTAL RATES</u>	<u>MINIMUM NET EFFECTIVE RENTAL RATES</u>
		Monthly Per Sq. Ft.	Monthly Per Sq. Ft.*
<u>FISHING INDUSTRY USES:</u>			
<u>INDUSTRIAL GROSS LEASES:</u>	<u>FISH WHOLESALING & PROCESSING SPACE</u>		
	<u>Improved Fish Processing Space</u>		
	Pier 45 Sheds	\$0.80 - 0.90	\$0.75 - \$0.85
	Second floor warehouse	\$0.40 - 0.45	\$0.35 - \$0.40
	Pier 45 Office 1st fl office	\$1.10 - 1.50	\$1.05 - \$1.25
	Pier 45 2 nd fl mezz	\$0.85 - 1.25	\$0.75 - \$1.00
	<u>Sheds</u>		
	Pier 33	\$0.85 - 0.90	\$0.80 - \$0.85
	699 Illinois	\$0.80 - 01.25	\$0.75 - \$0.85
	<u>Aprons</u>		
		\$0.22 - 0.22	\$0.22 - \$0.22
	<u>LICENSES:</u>	<u>FISHING GEAR STORAGE</u>	
		\$0.25 -0.30	\$0.22 - \$0.22
	<u>NON-BERTH HOLDERS</u>		
		\$0.30- 0.45	\$0.30- \$0.45

* The range in rental rates is provided as an example of the minimum rental rates for different space in the building (ie. higher rates for higher floors). It is not, and should not be construed as, a cap or maximum rental rate for such space.

* Minimum Net Effective Rents are rents that reflect the application of rent credits for new paint and carpet. The Minimum Net Effective Rates reflect the amortization of rent credits provided by Port over the term of the lease.

EXHIBIT B

Office Leases Effective From April 1, 2012 through March 31, 2013

Lessee Name	Contract #	Facility	Type	Square Feet	Rate/SF
Ferry Plaza					
Bennett, Marianne	L-15254	2780	OFFICE-FS	166	\$ 2.62
Ferry Plaza Wine Merchant	L-15239	2780	OFFICE-FS	741	\$ 2.66
Shelterbelt Builders, Inc	L-15238	2505	OFFICE-FS	328	\$ 2.50
Promia Incorporated	L-15218	2780	OFFICE-FS	3,852	\$ 2.35
Buchdrucker, Elliott D.	L-15173	2780	OFFICE-FS	1,025	\$ 2.30
				Average Monthly Rate	\$ 2.49
Permasteelisa North America, Corp.	L-15194	1500	OFFICE-NET	1,080	\$ 2.50
Northeastern Waterfront					
Barulich, Jerome M.	L-15226	1351	OFFICE-FS	556	\$ 1.75
Aclima, Inc.	L-15156	3180	OFFICE-FS	3,868	\$ 2.32
San Francisco Shipping Services, Inc.	L-15203	3180	OFFICE-FS	1,106	\$ 2.25
Ammunition, LLC	L-15150	3180	OFFICE-FS	7,477	\$ 2.25
				Average Monthly Rate	\$ 2.14
Autodesk, Inc	L-15169	1090	OFFICE-NET	21,330	\$ 2.25
Cabouchon Properties, LLC.	L-15202	1090	OFFICE-NET	938	\$ 2.50
Cabouchon Properties, LLC.	L-15202	1090	OFFICE-NET	948	\$ 2.50
Lab Zero Innovations, Inc	L-15192	1090	OFFICE-NET	2,479	\$ 2.35
Ammunition, LLC	L-15150	3180	OFFICE-NET	2,175	\$ 2.50
Bar Pilots	L-14282	1090	OFFICE-NET	19,718	\$ 4.15

Bay Delta	L-14602	Pier 17	OFFICE-NET	2,916	\$	4.03
				Average Monthly Rate	\$	2.90
South Beach						
Koozoo, Inc	L-15241	1260	OFFICE-FS	1,216	\$	2.50
	L-15241	1260	OFFICE-FS	885	\$	2.50
				Average Monthly Rate	\$	2.50
Rebuilding Together San Francisco IDEO, LLC IDEO, LLC Novus Optimum Lab. A.S.F. Electric	L-15198	1280	OFFICE-NET	1,880	\$	2.06
	L-15153	1265	OFFICE-NET	6,713	\$	2.68
	L-15153	1265	OFFICE-NET	754	\$	2.68
	L-15149	1260	OFFICE-NET	1,356	\$	2.00
	L-15109	1500	OFFICE-NET	550		2.00
				Average Monthly Rate	\$	2.28
Southern Waterfront						
Mission Street Productions, LLC Mission Street Productions, LLC Watertight Restoration, Inc. Castellanos, Efrain Instudio, LLC	L-15248	2800	OFFICE-FS	5,837	\$	1.25
	L-15248	2800	OFFICE-FS	536	\$	1.25
	L-15237	2800	OFFICE-FS	463	\$	1.28
	L-15222	2800	OFFICE-FS	83	\$	1.25
	L-15174	2800	OFFICE-FS	436	\$	1.25
				Average Monthly Rate	\$	1.26
Reliance Engineering, Inc	L-15212	1960	OFFICE-NET	736	\$	1.33

Fisherman's Wharf

Pier 45 Seafood, Inc.
Pier 45 Seafood, Inc.

L-15175	1450	OFFICE-NET	122	\$	1.35
L-15175	1450	OFFICE-NET	275	\$	1.25

Average Monthly Rate \$ 1.30

Exhibit C

2013-14 MINIMUM MONTHLY RENTAL RATE SCHEDULE[†]

<u>TYPE OF USE & TYPE OF LEASE</u>	<u>CLASS & LOCATION OF FACILITY/SPACE</u>	<u>MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.</u>	<u>MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*</u>
<u>OFFICE SPACE USES:</u>			
<u>FULL SERVICE GROSS LEASES:</u>	<u>CLASS B</u>		
	Roundhouse Plaza	\$2.50 - \$3.00	\$2.00 - \$2.50
	<u>CLASS C</u>		
	Agriculture Building		
	Window Office	\$2.30 - \$2.55	\$2.20 - \$2.35
	Interior Office	\$1.50 - \$2.00	\$0.98 - \$1.48
	401 Terry Francois	\$2.50 - \$2.70	\$2.20 - \$2.50
<u>NET LEASES:</u>	<u>CLASS B</u>		
	Pier 9 Bulkhead Bldg.	\$3.00 - \$3.20	\$2.75 - \$3.30
	Pier 9 Pier Offices	\$2.75 - \$3.00	\$2.50 - \$2.75
	Pier 26 Annex Bldg.	\$2.75 - \$3.00	\$2.50 - \$2.75
	Pier 33 ½ North	\$2.50 - \$3.00	\$2.25 - \$2.75
	Pier 35 Bulkhead Bldg.	\$2.50 - \$2.75	\$1.75 - \$2.25
	<u>CLASS C</u>		
	Pier 9 Studio/office	\$2.25 - \$2.50	\$2.25 - \$2.50
	Piers 23 Bulkhead Bldgs.	\$2.00 - \$2.25	\$2.00 - \$2.25
	Pier 29 Annex Bldg.	\$2.50 - \$3.00	\$2.25 - \$2.75
	Pier 35 Interior office	\$1.75 - \$2.00	\$1.50 - \$1.75
	490 Jefferson St.	\$1.75 - \$2.00	\$1.10 - \$1.75
	Piers 26 Bulkhead Bldg.	\$2.00 - \$2.25	\$1.75 - \$1.50
	Pier 28 Bulkhead Bldg.	\$2.00 - \$2.25	\$1.25 - \$1.75
	Piers 50 Bulkhead Bldg.	\$2.00 - \$2.25	\$1.55 - \$1.75
	Pier 54 Office	\$1.60 - \$1.75	\$1.20 - \$1.40
	Pier 70, Building 11	\$1.10 - \$1.25	\$1.00 - \$1.20
	671 Illinois Street	\$1.00 - \$1.10	\$0.80 - \$1.00
	501 Cesar Chavez	\$1.25 - \$1.50	\$1.10 - \$1.25
	601 Cesar Chavez	\$1.50 - \$1.50	\$1.50 - \$1.50
	696 Amador	\$1.25 - \$1.50	\$1.00 - \$1.40
	Pier 96 Admin. Bldg.	\$1.25 - \$1.40	\$1.00 - \$1.25
	Pier 96 Gate House Bldg.	\$1.10 - \$1.25	\$0.75 - \$1.00
<u>OFFICE STORAGE</u>	All Facilities	\$1.50 - \$1.50	\$1.50 - \$1.50

Exhibit C

<u>TYPE OF USE & TYPE OF LEASE</u>	<u>MINIMUM CLASS & LOCATION OF FACILITY/SPACE</u>	<u>MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.</u>	<u>NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*</u>
<u>INDUSTRIAL SHED USES:</u>			
<u>INDUSTRIAL GROSS LEASES:</u>	<u>NORTHEAST WATERFRONT</u>		
	Pier 9	\$1.35 - \$1.50	\$1.25 - \$1.25
	Pier 33 – 35	\$0.95 - \$1.00	\$0.85 - \$0.95
	Pier 19	\$1.25 - \$1.25	\$1.25 - \$1.25
	Pier 23	\$1.25 - \$1.25	\$1.25 - \$1.25
	Pier 29	\$1.25 - \$1.50	\$1.25 - \$1.25
	Pier 47 shed storage	\$0.75 - 1.00	\$0.70 - \$0.90
	SWL 302 storage	\$0.75 - 1.00	\$0.65 - \$0.75
	<u>SOUTH BEACH/CHINA BASIN</u>		
	Pier 24 Annex	\$2.50 - \$3.00	\$2.50 - \$3.00
	Piers 26-28-	\$0.95 - \$1.00	\$0.95 - \$1.00
	Pier 40	\$1.00 - \$1.25	\$1.00 - \$1.25
	Piers 48	\$1.25 - \$1.25	\$1.25 - \$1.25
	Pier 50	\$1.25 - \$1.25	\$1.25 - \$1.25
	Pier 54 Shed	\$1.25 - \$1.25	\$1.25 - \$1.25
	<u>SOUTHERN WATERFRONT</u>		
	SWLs 343 & 354	\$0.85 - \$0.85	\$0.80 - \$0.85
	SWL 345	\$0.85 - \$1.00	\$0.85 - \$1.00
	Facility 6019	\$0.55 - \$0.55	\$0.55 - \$0.55
	Pier 80	\$0.95 - \$0.95	\$0.95 - \$0.95
	Pier 92 & SWLs 344 & 349	\$0.85 - \$0.85	\$0.85 - \$0.85
	Pier 96 M & R	\$0.90 - 0.95	\$0.80 - \$0.75
<u>OPEN LAND AND PIER SPACE USES:</u>			
<u>INDUSTRIAL GROSS LEASES:</u>	<u>UNPAVED LAND</u>		
“PORT STANDARD NET LEASE”		\$0.30 - 0.30	\$0.25 - \$0.30
	<u>PAVED LAND</u>		
		\$0.35 - 0.35	\$0.30 - \$0.35
	<u>IMPROVED LAND</u>		
		\$0.40 - 0.40	\$0.35 - \$0.40
	<u>SUBMERGED LAND</u>		
		\$0.16 - \$0.16	\$0.16 - \$0.16
	Aprons	\$0.35 - \$0.35	\$0.30 - \$0.35

Exhibit C

MINIMUM

MINIMUM

INITIAL LEASE RENTAL RATES

NET EFFECTIVE RENTAL RATES

**TYPE OF USE &
TYPE OF LEASE**

CLASS & LOCATION

OF FACILITY/SPACE Monthly Per Sq. Ft. Monthly Per Sq. Ft.*

FISHING INDUSTRY USES:

INDUSTRIAL GROSS LEASES:

FISH WHOLESALING & PROCESSING SPACE

Improved Fish Processing Space

Pier 45 Sheds	\$0.85 - \$0.95	\$0.80 - \$0.85
Second floor warehouse	\$0.40 - \$0.45	\$0.35 - \$0.40
Pier 45 Office 1st fl office	\$1.10 - \$1.50	\$1.05 - \$1.25
Pier 45 2 nd fl mezz	\$0.85 - \$1.25	\$0.75 - \$1.00

Sheds

Pier 33	\$0.85 - \$0.90	\$0.80 - \$0.85
699 Illinois	\$0.80 - \$1.25	\$0.75 - \$0.85

Aprons

\$0.24 - \$0.24	\$0.24 - \$0.24
-----------------	-----------------

LICENSES:

FISHING GEAR STORAGE

NON-BERTH HOLDERS

\$0.30 - \$0.40	\$0.30 - \$0.40
\$0.50- \$0.55	\$0.50- \$0.55

* The range in rental rates is provided as an example of the minimum rental rates for different space in the building (ie. higher rates for higher floors). It is not, and should not be construed as, a cap or maximum rental rate for such space.

* Minimum Net Effective Rents are rents that reflect the application of rent credits for new paint and carpet. The Minimum Net Effective Rates reflect the amortization of rent credits provided by Port over the term of the lease.

PARKING RATES SURVEY
As of May 1, 2013

	Location	Operator	Phone #	Monthly Parking					Daily Parking	Hourly Parking	Covered / Uncovered
				Reserved	Non-reserved	Vac- ancy	In/Out Privilege	Days / Week			
1	Beach & Hyde Garage 655 Beach / Leavenworth & Hyde	Propark America	673-1735	--	\$225 \$175	No	Yes Yes	7 days M-F	\$32 /12 hrs; \$35 /24 hrs	\$2.25 /20 mins	Covered
2	Anchorage Shopping Center Garage 500 Beach / Jones & Leavenworth	Ace Parking	515-1589	--	\$150 tenant \$170 non-tenant	No	Yes	7 days	\$32 for 24 hrs \$10 M-F, in before 9am, out by 6pm	\$8 /hr	Covered
3	Fisherman's Wharf Parking 273 Jones / Beach	Wharf Properties, Inc	885-4884	--	--	--	--	--	\$20 in before 9am \$30 - \$35 in after 9am, depending on how busy	\$4 /30 mins	Uncovered
4	Wharf Garage 350 Beach / Taylor & Mason	Imperial Parking	227-0114	--	\$150 \$130 \$120	Yes Yes Yes	Yes Yes Yes	7 days 7 days M-F	\$12 max after 3 hrs exp 11:59pm \$8 in before M-F \$15 S-S	\$4 /hr	Covered
5	Longshoremen's Hall Parking Lot 400 North Point / Taylor	City Park	495-3909	--	\$200	No	Yes	7 days	\$20 M-F	--	Uncovered
6	Cost Plus Plaza Parking Garage 455 North Point / Taylor	City Park	441-6932	--	\$165	Yes	Yes	7 days	\$15 for 12 hrs, \$35 overnight	\$2 /30 mins	Covered
7	North Point Center Garage 350 Bay / Powell & Mason	Imperial Parking	227-0114	--	\$170 \$145	Yes Yes	Yes Yes	7 days M-F	\$30 M-F \$35 S-S	\$6 /hr M-F	Covered & Uncovered
8	Triangle Parking Lot 170 Jefferson	Central Parking	877-717-0004	--	--	--	--	--	\$33 8am-12am, add \$15 overnight	\$3 /20 mins	Uncovered
9	Pier 39 Garage Embarcadero / Stockton	Ampco System	705-5418	--	\$215 Pier 39 tenants only	No	Yes	7 days	\$40	\$8 /hr	Covered
10	2300 Stockton & Grant	Liberty Parking	650-342-3010	--	\$300	Yes	Yes	7 days	\$10 - \$40 depending on how busy	--	Covered
11	C Garage 2210 Stockton / Bay & Northpoint	Imperial Parking	227-0114	--	\$190 \$170	Yes Yes	Yes Yes	7 days M-F	\$14 max exp 10:59pm M-F; \$10 in by 10am \$16 S-S	--	Covered
12	Bay / Embarcadero & Kearny	Central Parking	877-717-0004	--	\$225	No	Yes	7 days	M-F: \$35 all day, \$15 in by 8am, \$15 after 5pm S-S: \$40 all day	\$5 /30 mins M-F	Uncovered
13	80 Francisco	Imperial Parking	227-0114	--	\$260	No	Yes	7 days	\$17 up to 12 hrs \$14 in before 9am & out by 6pm	\$2 /15 mins	Covered
14	55 Francisco	Ace Parking	398-0208	\$320	\$280	No	Yes	7 days	\$18 in after 9am & out by 7pm \$14 in before 9am & out by 7pm	\$3 /20 mins	Covered
15	Levy Plaza Garage Sansome / Greenwich	Ampco System	981-8213	\$400 \$350	-- \$325	No No	Yes Yes	7 days M-F	\$20 for 12 hrs, \$60 after 12 hrs, \$18 in by 9am & out by 6pm	\$3 /20 mins	Covered
16	Pier 33	Priority Parking	777-4042	\$400	\$175 tenant \$300 non-tenant	No	Yes	7 days	--	--	Covered
17	SWL 321 Green / Front / Embarcadero	Priority Parking	777-4042	\$550	\$350	Yes	Yes	7 days	\$20 in by 9am, \$35 Max \$45 24hrs, \$12 after 3pm & wknd	\$5 /hr	Uncovered
18	SWL 322-1 Front / Broadway & Vallejo	Priority Parking	777-4042	\$550	\$300	Yes	Yes	7 days	\$20 in by 10am, \$35 Max \$15 after 4pm, \$20 wknd, \$40 24 hrs	--	Uncovered
19	SWL 323 Davis / Vallejo / Embarcadero	Priority Parking	777-4042	\$550	\$350	Yes	Yes	7 days	\$15 before 10am, \$20 Max \$10 after 4pm & wknd, \$40 24hrs	--	Uncovered

PARKING RATES SURVEY
As of May 1, 2013

	Location	Operator	Phone #	Monthly Parking					Daily Parking	Hourly Parking	Covered / Uncovered
				Reserved	Non-reserved	Vac- ancy	In/Out Privilege	Days / Week			
20	SWL 324 Davis / Broadway / Embarcadero	Priority Parking	777-4042	\$550	\$350	Yes	Yes	7 days	24 hrs	\$15 before 10am, \$20 Max \$10 after 4pm & wknd, \$40 24hrs	Uncovered
21	735 Davis / Broadway & Vallejo	West Coast Parking	408-592-3051	--	\$275	No	Yes	7 days	7am-6pm	\$15 M-F no in/out privilege \$10 after 6pm & S-S	Uncovered
22	847 Front / Broadway & Vallejo	Pacific Park Mgmt	398-0428	--	\$300	No	Yes	M-F	6am-8pm	\$15	Covered
23	750 Front / Broadway & Pacific	City Park	399-9783	--	\$315 \$350	No No	Yes Yes	M-F 7 days	24 hrs	\$22 in after 9am, all day \$18 in before 9am & out by 7pm	Covered
24	750 Battery Parking Garage Broadway / Battery & Front	Ampco System	956-8148	--	\$340	Yes	Yes	M-F	7am-7pm	\$20 in after 9am & out by 7pm \$16 in before 9am & out by 7pm	Covered
25	900 Sansome / Broadway	Liberty Parking	650-342-3010	--	\$280	Yes	Yes	M-F	6am-9pm	\$18 in after 10am \$15 in before 10am	Covered
26	955 Sansome / Broadway & Vallejo	Liberty Parking	650-342-3010	--	\$280	Yes	Yes	7 days	24 hrs	\$18 in after 10am \$15 in before 10am	Covered/ Uncovered
27	825 Sansome / Pacific & Broadway	Priority Parking	777-4042	\$600	\$400	Yes	Yes	M-F	6am-8pm	\$16 in by 10am, \$25 Max \$5.50 first 20 min, \$3.50 Each 20 min after	Covered
28	350 Pacific / Battery & Sansome	American West	596-8743	--	\$320	Yes	Yes	7 days	24 hrs	\$18 in before 11am, \$20 in after 11am \$10 after 4pm	Uncovered
29	768 Sansome / Pacific & Jackson	California Parking	468-4860	--	\$419.00 \$359.00	Yes Yes	Yes No	7 days	24 hrs	\$25 for 12 hrs	Uncovered
30	Golden Gateway Garage 250 Clay / Battery & Front	Five Star Parking	433-4722	\$510	\$400	Yes	Yes	7 days	24 hrs	\$38 after 8:30am \$20 in before 8:30am	Covered
31	Embarcadero Center Garage Building 1, 2, 3 & 4	Ampco System	772-0670	\$650	\$425	Yes	Yes	7 days	24 hrs	\$32, out by 12am	Covered
32	Hornblower Landing Parking Lot Pier 3	Hornblower Landing	788-8866	--	\$325	Yes	Yes	M-F	6am-12am	\$20 8am-12am \$17 in before 8am, out by 6pm	Uncovered
33	Ferry Bldg Investors Parking Lot Embarcadero / Washington St	Ace Parking		--	--	--	--	--	--	\$50 daily max \$15 after 6pm	Uncovered
34	1 Market Garage Market / Spear	Ace Parking	777-2292	\$600	\$495	No	Yes	7 days	24 hrs	\$44 6am-8pm	Covered
35	Rincon Center Garage 121 Spear / Mission & Howard	Standard Parking	882-9468	--	\$375	Yes	Yes	M-F	6am-10:30pm	\$29.50 M-F, \$10 after 5pm \$10 S-S	Covered
36	75 Howard / Stewart & Spear	Ace Parking	543-2214	\$465	\$375	No	Yes	7 days	24 hrs	\$29.50 in after 9am, out before 11pm \$21 in before 9am, out by 6pm	Covered
37	390 Main / Folsom	Priority Parking	777-4042	\$450	\$350	Yes	Yes	7 days	24 hrs	\$15 EB, \$17 in by 10am, \$20 after, Max \$30 \$10 after 2pm, \$12 wknd, \$45 24hrs	Uncovered

EXHIBIT E

2013-14 FY Special Events and Filming Fee Schedule

	Rate
<u>Still Photo Shoot</u>	
Outdoor:	
Simple per day	\$1,000.00
Major per day	\$2,000.00
Indoor:	
Piers simple per day	\$1,000.00
Piers major per day	\$2,000.00
Pier 1 per day (Port offices - after hrs.)	\$2,000.00
Pier 1 – Bayside 1-4	\$2,000.00
<u>Filming (Non-Film Commission)</u>	
Simple per day	\$1,000.00
Major per day	\$2,000.00
<u>Special Events</u>	
Athletic events (walk/run/bicycle) per day	\$1,000.00
Private event per day	\$2,000.00
Public event per day	\$2,000.00
<u>Pier 30/32 – Entire Pier</u>	
Private event:	
Event day	\$15,000.00
Set-up per day	\$3,500.00
Paid attendees:	
Event day	\$20,000.00
Set-up per day	\$4,000.00
Free admittance:	
Event day	\$10,000.00
Set-up per day	\$2,500.00
<u>Pier 48 – Shed A & C</u>	
Shed A Full Venue per day	\$10,000.00
Set-up and take down	\$2,500.00

Shed A Half Venue	\$5,000.00
Set-up and take -down	\$ 1,000.00
Shed A Quarter Shed	\$3,000.00
Set-up and take-down	\$1,000.00
Shed A and Valle Full Venue	\$9,000.00
Set-up and take-down per day	\$1,500.00
Shed A and Valley Haft Venue	\$6,000.00
Set-up and take-down	\$1,000.00
Shed A and Valley Quarter	\$4,000.00
Set-up and take-down	\$1,000.00

All rates are daily..

Notes:

Minor film and photo shoots are those that require very few to no support functions, i.e.; the photographer and the subject, minimal equipment, etc.

Major film and photo shoots are those that require substantial support, i.e.; film crew, props, vehicles, generators, lighting, etc.

At no time shall the fee charged for filming or a special event at a specific facility be less than the rental rate as specified under the Rental Rate Schedule for that premises.

Exhibit F
Office, Bulkhead Office and Pier Shed Vacancy Rate

OFFICE	Total	As of March 2013		% Vacant
		Occupied	Available	
RoundHouse I	20,237	20,237	0	0.0%
RoundHouse II	25,421	25,421	0	0.0%
Pier 27/29 ³	12,406	12,406	0	0.0%
Ag Building	22,476	18,465	1,961	8.7%
401 Terry Francois	10,764	7,964	2,800	26.0%
501 Cesar Chavez	40,090	22,864	17,226	43.0%
Pier 70, Bldg 11	25,154	21,654	3,500	13.9%
Pier 96	18,542	18,542	0	0.0%
Total Office	175,090	147,553	25,487	14.6%
BULKHEAD OFFICE				
Pier 9	79,353	79,353	0	0.0%
Pier 15 ⁴	4,084	4,084	0	0.0%
Pier 17 ⁴	2,774	2,774	0	0.0%
Pier 23 ^{1,3}	12,300	12,300	0	0.0%
Pier 26 ³	18,433	18,433	0	0.0%
Pier 28 ³	6,187	6,187	0	0.0%
Pier 33 ⁶	0	0	0	0.0%
Pier 35	9,994	9,994	0	0.0%
Pier 50	7,743	7,743	0	0.0%
Pier 54 ²	3,000	3,000	0	0.0%
Total Bulkhead Office	143,868	143,868	0	0.0%
OVERALL OFFICE	318,958	291,421	25,487	8.0%
PIER SHED				
Pier 9	34,313	34,313	0	0.0%
Pier 15 ⁴	155,028	155,028	0	0.0%
Pier 17 ⁴	120,325	120,325	0	0.0%
Pier 19 & 19 1/2 ^{1,3}	94,544	94,544	0	0.0%
Pier 23 ^{1,3}	54,000	54,000	0	0.0%
Pier 26 ⁷	94,472	94,472	0	0.0%
Pier 28 ⁷	44,644	44,644	0	0.0%
Pier 33	61,192	61,192	0	0.0%
Pier 35	242,299	242,299	0	0.0%
Pier 38 ⁵	0	0	0	0.0%
Pier 40	82,904	82,904	0	0.0%
Pier 48	200,000	200,000	0	0.0%
Pier 50	135,350	130,350	5,000	3.7%
Pier 54 ²	20,000	20,000	0	0.0%
Pier 96	400,600	400,600	0	0.0%
Total Shed	1,739,671	1,734,671	5,000	0.3%
OFFICE & SHED	2,058,629	2,026,092	30,487	1.5%

Note: Includes only facilities available for leasing.

¹ Port took back possession of Piers 19, 19.5 and 23 on February 28, 2009

² Port assumed possession of Pier 54 in June 2007.

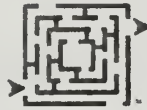
³ Port was required to deliver these facilities free of tenants by various dates in 2012 and 2013 for AC34.

⁴ Piers 15 and 17 are under a master lease to the Exploratorium effective Nov 2010

⁵ Possession of P38 reverted to the Port in winter 2011, however due to structural problems, the site is unleaseable.

⁶ P33 is an internal Port development project and is not yet available for leasing.

⁷ In Jan 2012, these sites were part of AC34 deal, but were later removed.



KEYSER MARSTON ASSOCIATES

ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

MEMORANDUM

To: Jeffrey Bauer
Port of San Francisco

From: Keyser Marston Associates, Inc.

Date: May 13, 2013

Subject: Review of 2013-14 Port Minimum Rent Schedule

Introduction & Conclusions

In accordance with your request, Keyser Marston Associates, Inc. (KMA) has undertaken a review of the Port of San Francisco's May 1, 2013 memorandum regarding the "Fiscal Year 2013-14 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates." KMA has been tasked to review the Port's 2013-14 schedule for the purpose of assessing the reasonableness of the rents for office, industrial/warehouse, and parking facilities. Special events and filming rates are not included in KMA's assessment.

As further described in this memorandum, KMA concludes that the minimum office, industrial/warehouse, and parking rates recommended in the Port's 2013-14 schedule are generally reasonable and consistent with overall market trends.

Background & Approach

The Port of San Francisco is a lessor of a wide variety of real property including office space, industrial/warehouse space, parking spaces, paved and unpaved land, and space for special events and filming. The Port annually updates a schedule of minimum rents for a number of the Port's properties. New leases and lease renewals with terms that equal or exceed the minimum parameters contained in the schedule can be approved by the Port's Executive Director. Leases that fall outside the parameters of the schedule must be approved by the Port Commission.

It is KMA's understanding that the purpose of the rent schedule is to set minimum rents, which are intended to approximate the lower end of market, in order to keep to a reasonable number the leases the Port Commission needs to review and approve while at the same time providing additional assurance that the minimum rents are consistent with the market. Port leasing staff is free to lease properties at the highest rate that it can achieve from a certain tenant, and in fact we understand that the majority of leases are successfully negotiated with rents above the minimums.

In performing this assignment, KMA undertook the following tasks:

- Reviewed the Port's proposed 2013-14 minimum rental rate schedule;
- Assessed changes from the Port's 2012-13 rent schedule;
- Reviewed the current rent roll of Port properties;
- Reviewed and analyzed current rent listings and other market data;
- Discussed the Port's recent leasing activity with Port staff; and
- Performed a "windshield" visual inspection of the Port's properties.

Analysis

A. Office

In general, office market conditions in San Francisco have improved from last year. According to a recent report from CBRE, the average asking rate for office properties in San Francisco (all classes) was \$50.79/sf/year (\$4.23/sf/month) in the 1st Quarter of 2013, which is an 18% increase year-over-year. Rents for Class A space specifically were \$54.03, with lower rates attributable to Class B and Class C space. A review of other third party data sources indicates similar improvement in overall office market conditions.

Port leasing staff has indicated that certain of the Port's office properties have low vacancy rates and are in high demand, and on this basis staff recommends the minimum rents for certain properties be increased from last year. Port staff is recommending that the minimum rents for several office properties be increased in the range of 10% to 11% from last year. For other office properties, Port staff is recommending more robust increases (from 25% to as high as 85% from last year), but the recommended increase in minimum rents for these properties are attributable not only to improving market conditions but also to the fact capital improvements have been made to these properties over the course of the last year. For some of the Port's office properties which are in less demand for a variety of reasons, Port staff is not recommending an increase in minimum rents from last year.

Based on a review third party market data, review of Port lease data for specific properties, and discussions with Port leasing staff, KMA concurs with Port staff's 2013-14 minimum office rent recommendations. It is noted that among the factors that puts downward pressure on the Port's rents relative to the overall San Francisco office market is the more advanced age and less optimal physical condition of many of the Port's facilities as well as the fact that the Port has limited ability to fund up front tenant improvement costs.

B. Industrial/Warehouse

As with the office market, industrial market conditions in San Francisco have also improved from last year. Port staff reports that, in general, demand is high for its industrial/warehouse space. The improvement in the commercial office market and the overall improvement in the San Francisco economy are spreading to other commercial sectors including industrial space. In recognition of improved market conditions, Port staff is recommending that the minimum rents for most of the Port's industrial shed space be increased in the rough range of 11% to 18% from last year. With these increases, most of the new minimum rents would cluster in the \$0.85 to \$1.00/sf/month range (industrial gross). As of the 1st Quarter of 2013, the average industrial warehouse asking rent in San Francisco was \$0.78/sf/month (triple net) against a vacancy rate of 5.58%¹.

Based on a review of Port lease data for specific properties and discussions with Port leasing staff, KMA concurs with the Port's 2013-14 minimum industrial/warehouse rent recommendations.

C. Parking

In May 2013, Port staff updated its survey of rates for parking facilities in the vicinity of the Port. Overall, Port staff's assessment is that market conditions have improved from the prior year. The parking stall vacancy rate improved from 17% in the last fiscal year to 14% this fiscal year and revenues from monthly parking spaces rose by approximately 9%. However despite generally improving market conditions, Port staff is not recommending that the minimum parking rates be increased due to the still somewhat elevated vacancy rate. On the basis of the current vacancy rate figures and a review of the Port's survey of competitive parking facilities, KMA concurs with Port staff's recommendation to keep minimum parking rates unchanged from last year.

¹ Cassidy Turley (Q1 2013)



MEMORANDUM

June 7, 2013

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Willie Adams
Hon. Leslie Katz
Hon. Mel Murphy

FROM: Monique Moyer *M. Moyer*
Executive Director

SUBJECT: Informational Presentation Introducing the Respondents to the Request for Proposals for the Pier 38 Bulkhead Rehabilitation Project, located at Delancey Street and The Embarcadero

DIRECTOR'S RECOMMENDATION: Informational Item – No Action Required

SUMMARY

On March 25, 2013 the Port received real estate proposals from two development teams: 1) San Francisco Pacific Waterfront Partners, LLC and 2) Pier 38 Partners, LLC, a joint venture partnership consisting of TMG Partners and Premier Structures.

At the Port Commission's June 11, 2013 meeting, each development team will present an overview of its qualifications and visions for the Pier 38 bulkhead building rehabilitation. Brief summaries of select sections of the team's proposals are attached hereto as exhibits.

Port staff intends to evaluate the proposals and return to the Port Commission by August 13, 2013 with a recommendation to award the development opportunity to the highest ranked proposer.

BACKGROUND

In 1908, the original pier at Pier 38 was constructed and measured 84,500 square feet in length. A shed structure measuring 32 feet tall was constructed atop the pier. In 1931, the pier was extended by 31,200 square feet for a total length today of 115,700 square feet. In

THIS PRINT COVERS CALENDAR ITEM NO. 11A

1934, a bulkhead building of approximately 18,000 square feet was added to the facility. The bulkhead building straddles the existing seawall and the marginal wharf structure.

The Pier 38 structure is divided into two parts: the two story bulkhead office building fronting the Embarcadero and the pier shed extending east over the Bay which was built for break bulk storage. In 1999, a portion of the pier shed was improved: on the ground floor level the space was built out as a restaurant use but never occupied, while the upper floor was initially used for storage. Both floors were eventually used for office use, but without appropriate building permits.

Recent Port Commission staff reports provide important Pier 38 background information including the following:

- **Pier 38 Closure:** Port staff reported on the background regarding the eviction proceedings and site conditions that led to closure of Pier 38 in October 2011.¹ In brief, on August 1, 2011, the Port took possession of Pier 38 from the Pier 38 Maritime Recreation Center and Carl Ernst. On September 2, 2011, the Port's Chief Harbor Engineer declared Pier 38 shed, office spaces, and north apron deck unsuitable for any occupancy due to existing health and safety violations. Occupants were asked to vacate the premises on September 30, 2011. By October 20, 2011, all occupants housed in the Pier 38 bulkhead building and pier shed were vacated.
- **Pier 38 Reuse Options:** In January 2012, Port staff reported on building occupancy options to bring Pier 38 into Code Compliance.²
- **Pier 38 Solicitation Options:** On September 11, 2012, Port staff reported on the trade-offs between soliciting a development entity to rehabilitate and re-tenant the Pier 38 bulkhead building only versus an entity to redevelop the entire Pier 38 facility.³
- **Port 38 Solicitation Approval:** On September 25, 2013, Port staff received approval to issue a request for proposals for the Pier 38 bulkhead building and limited pier shed improvements for re-occupancy while qualifying this entity to consider the long-term reuse of the entire or the majority of the pier structure.⁴ The request for proposals was issued on November 16, 2012. Responses were received on March 25, 2013.

OVERVIEW OF THE REQUEST FOR PROPOSALS

The Pier 38 request for proposals relates to a real estate leasing opportunity. The City's competitive bidding policy for leases, which is set forth in Sections 2.6-1 and 23.33 of the Administrative Code (collectively, the Code), provides for certain leases to be awarded

¹ <http://www.sfport.com/modules/showdocument.aspx?documentid=2403>

² <http://www.sfport.com/modules/showdocument.aspx?documentid=3231>

³ <http://www.sfport.com/modules/showdocument.aspx?documentid=4638>

⁴ <http://www.sfport.com/modules/showdocument.aspx?documentid=4720>

through competitive bidding procedures unless such competitive bidding procedures are impractical or impossible. The Code defines competitive bidding procedures as "a request for proposals, request for qualifications, or other publicly noticed competitive solicitation with specified criteria for selection." The Code does not contain any more specific guidelines for competitive bidding of a lease opportunity so the process is more flexible than competitive solicitations for professional services and public works projects, which are subject to different legal requirements under Chapters 21 and 6 of the Code, as well as regulations and policies of the Office of Contract Administration, the Controller and the Contract Management Division (formerly the Human Rights Commission).

The intent of the request for proposals was to solicit respondents with experience in rehabilitating, developing and operating facilities similar to Pier 38. An ideal candidate would have experience with historic rehabilitation of waterfront structures, an ability to identify and secure target tenants, and an ability to operate and maintain real estate projects once completed. In addition, such a candidate would have a proven ability of working with public agencies to achieve results desired by the Port.

A response to the request for proposals would include a short-term implementation strategy of the Pier 38 bulkhead building and would also allow a respondent to submit qualifications to undertake developing the remaining pier structure in the long-term.

The Port would require that the rehabilitation of Pier 38 would be funded through private sector investment and that the Port expects the successful respondent to fund physical improvements and provide for on-going operating/maintenance costs as well as provide security for the entire pier.

The request for proposals specifically included these project objectives:

- Repair the Pier 38 bulkhead building which may include: remedy structural deficiencies, replace or repair mechanical, electrical and plumbing systems, and construct any other improvements, including egress and ADA, needed to meet the City's building code requirements as well as other regulatory requirements, including consistency with the Secretary Standards.
- Develop the most effective implementation strategy to quickly re-tenant the Pier 38 bulkhead building in order to achieve the Port's goal of bringing it back into economic use and provide an on-going revenue stream to the Port.
- Encourage the re-tenanting of the Pier 38 bulkhead building to include: office, high technology uses, visitor-serving commercial, entertainment and cultural uses, and, maritime uses that complement adjacent waterfront development.
- Continue the redevelopment of the South Beach waterfront from the Bay Bridge to AT&T Ballpark, by reviving this historic structure, and helping knit Pier 38 into the South Beach neighborhood by bringing people and business activity to the waterfront.
- Demonstrate how the short-term Pier 38 bulkhead building rehabilitation will not inhibit a long-term reuse of Pier 38 (i.e., ensure that the short-term construction and

operation would not hinder possible subsequent redevelopment of the entirety or majority of Pier 38).

- Develop a plan to improve the physical appearance of the bulkhead building and pier shed.
- Require that any adaptive reuse will be consistent with the Secretary of Interior's Standards for the Treatment of Historic Properties.
- Require a sustainable development program that minimizes the reliance on private automobiles, uses energy efficiently and, as possible, includes alternative energy sources that comply with the City's Green Building Standards.
- Secure private financial investment to rehabilitate and revive the Pier 38 bulkhead building in the near term.
- Provide business and employment opportunities for local workers and businesses during the design, construction and operation phases of the Pier 38 bulkhead building.
- Provide security for the entire Pier 38.

RESPONSES TO THE RFP

On March 25, 2013, the Port received proposals from two development teams, listed alphabetically:

- 1) Pier 38 Partners, LLC, a joint venture partnership consisting of TMG Partners and Premier Structures
 - Perkins & Will, architects
 - Holmes Culley, structural Engineers and Holmes Fire, fire engineering
 - Plant Construction Company, general contractor
 - Gibson Dunn, land use and transactional counsel
- 2) San Francisco Pacific Waterfront Partners, LLC
 - Page & Turnbull, architect of record/historic preservation architect
 - Lundberg Design, interior architect
 - Moss Wong, design architect
 - Rutherford + Chekene, structural engineer
 - Moffat and Nichol, maritime engineer
 - Glumac, mechanical and electrical engineer
 - Cahill Contractors, contractor
 - Power Engineering, substructure contractor
 - ACCO, Decker Electric, other mechanical and electrical systems
 - Gibson Dunn & Crutcher, legal/land use
 - Remy Moose Manley, legal/CEQA
 - Farella Braun and Martell, legal/historic tax credits and land use

NEXT STEPS

Port staff expects to complete the submittal review and return to the Port Commission with a recommendation for award of the request for proposals at the August 13, 2013 meeting. The following factors will inform the staff's recommendation to select the respondent for negotiations:

- Written submittals
- Interviews
- Evaluation and scoring by evaluation panel
- Reference checks
- Review of financial materials

The Port Commission, upon considering the staff recommendation, could then award the development opportunity to a respondent. The first step would be to negotiate an exclusive negotiations agreement (ENA), consistent with the Port Commission's direction in awarding the development opportunity. Once in the ENA period, the selected developer and the Port would formulate a project description, negotiate transaction terms, and seek regulatory approvals. As these aspects are negotiated, Port staff would present them to the Port Commission for review, comment and direction by the Port Commission.

The following represents a tentative schedule:

June 18, 2013	An evaluation panel will score written submittals and interviews with the two development teams
August 13, 2013	Port Commission authorization to negotiate an exclusive negotiation agreement with the highest ranked development team
Late 2013	Approval of a Pier 38 rehabilitation lease with the highest ranked development team

Port staff are pleased to have the opportunity for each development team to present their qualifications and visions to the Port Commission and the public.

Prepared by: John Doll, Project Manager
Planning & Development

For: Byron Rhett, Deputy Director
Planning & Development

Exhibit 1 – RFP Evaluation Criteria

Attachments:

- A) Pier 38 Partners, LLC Proposal Summary
- B) San Francisco Pacific Waterfront Partners, LLC Proposal Summary

Exhibit 1 – RFP Evaluation Criteria

Evaluation of the submittals from all respondents that meet minimum qualifications will focus on the capability of the respondent and the strength of the Rehabilitation Concept proposed. The evaluation criteria below will be used to assess the relative strength of each submittal.

1. Developer Qualifications (25 Points)

- a. Respondent's track record in successfully rehabilitating and developing projects of comparable size, land use, visibility and expense, especially for projects located in the San Francisco Bay Area
- b. Experience of respondent's team members and key personnel
- c. Experience with waterfront and/or historic preservation projects, in particular with meeting Secretary Standards
- d. Experience with projects in identifying and securing target tenants, defining the scope, structuring the transactions, securing necessary approvals, and managing the construction process
- e. Demonstrated ability to operate and maintain real estate projects once completed, including sustaining occupancy and addressing on-going operational needs
- f. Proven ability to work with public agencies to achieve development
- g. Track record of local hiring and participation of locally owned businesses in prior projects
- h. Demonstrated ability to work with local organizations and/or address community concerns
- i. Demonstrated understanding, ability and flexibility to obtain key approvals in a complex political and regulatory context

2. Financial Capability (15 points)

Demonstration that the respondent has the required equity and/or the ability to attract equity or debt for projects similar in scope and cost to the proposed Rehabilitation Concept as evidenced by:

- a. Financing of comparable projects
- b. Access to sufficient debt and equity, including risk equity, for the project proposed
- c. Ability to offer guarantees of bonding arrangements to ensure timely completion of the proposed project
- d. On-going relationships with financial sources

3. Proposed Design, Construction and Tenant Program (40 points)

- a. Strategy to re-tenant the bulkhead building with uses that best meets the Development Objectives
- b. Design and construction plan to ensure the repairs to the bulkhead building will be consistent with the City's building code and Secretary Standards.
- c. Strategy to obtain approvals for the proposed design and construction, as noted above in the Regulatory Context
- d. Demonstrated strength of real estate market for proposed tenant use
- e. Demonstration of how the short-term Pier 38 bulkhead building rehabilitation will not inhibit a long-term reuse of Pier 38 (i.e., ensure that the short-term construction and operation would not hinder possible subsequent redevelopment of the entirety or majority of Pier 38).

4. Proposed Financial Terms (20 Points)

- a. Cash flow projections that demonstrate the project, once operational, will meet all lease, debt service, and operating expenses
- b. Proposed annual rent structure to the Port



PIER 38

A Development Proposal to the Port of San Francisco
San Francisco Waterfront Partners, LLC
March 25, 2013



SAN FRANCISCO WATERFRONT PARTNERS, LLC



C) PIER 38 REHABILITATION CONCEPT

Creating sensitive and measured change within historic environments is a critical part of maintaining a vibrant and useful city. The key in the rehabilitation of the Pier 38 Bulkhead and Transit Shed is to identify the features that imbue the buildings with lasting character and to retain those features while balancing them with the needs of a contemporary use. The Secretary of the Interior's Standards for Rehabilitation allow for a compatible new use and they encourage adaptive reuse that is sensitive to, yet differentiated from, the old. Our approach is to create a language of interventions that are clearly differentiated from the old: interventions that may be contemporary in character, secure and efficient in function, and sustainable by nature.

As part of the Port of San Francisco's Embarcadero Waterfront Historic District, Pier 38 has a story to be told.

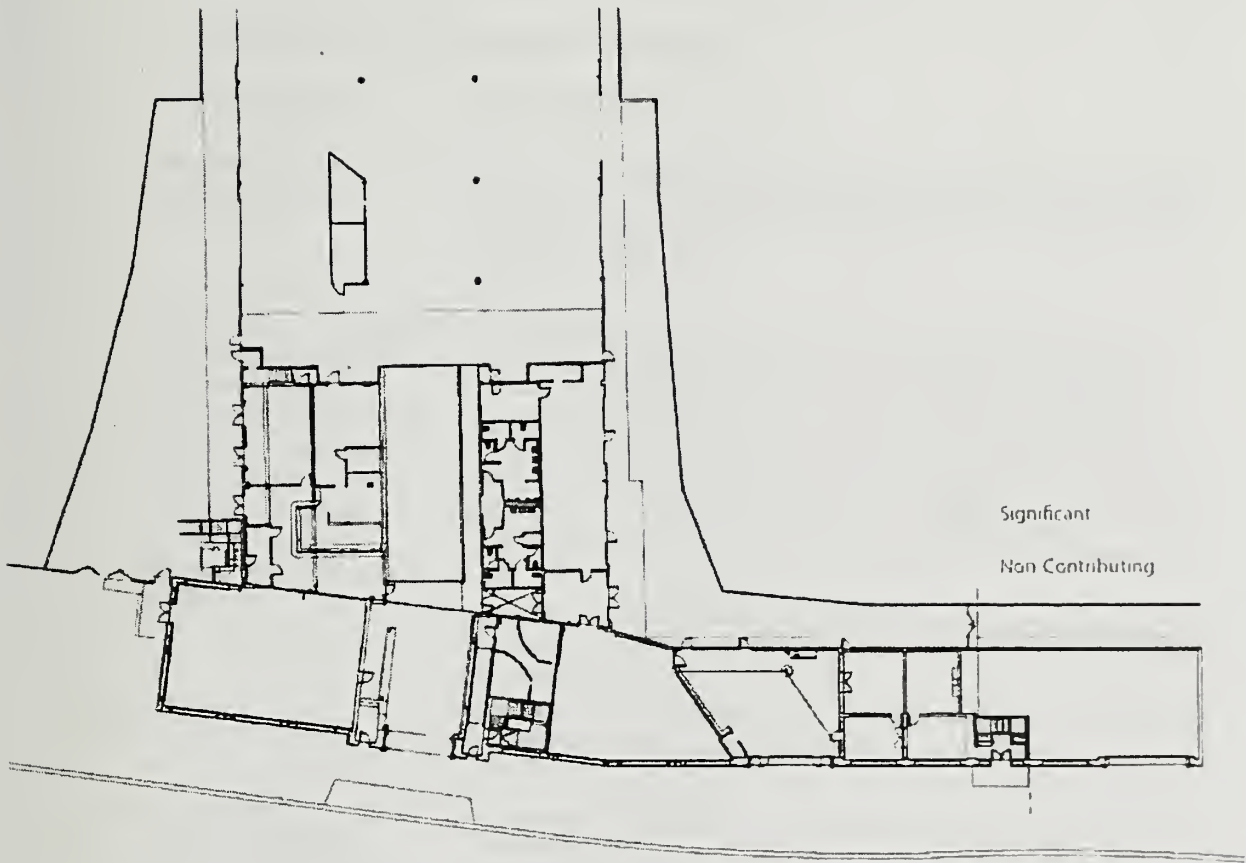
Because of the building's status as an historic resource and its importance in the overall development of the City of San Francisco, we anticipate working closely with local preservation advocates and we will collaborate with the Port's historic preservation officer, advocate for early review by the City's Historic Preservation Commission (if desired by the Port), the State Historic Preservation Office and the National Park Service. These layers of review and engagement are critical in ensuring a lasting legacy, and we understand the importance of this process in the overall stewardship of waterfront resources.

Following the guidelines of The Secretary of the Interior's Standards for Rehabilitation, interventions will be compatible and differentiated from the existing historic fabric, and use a language of simplicity and clarity to acknowledge the original design intent.

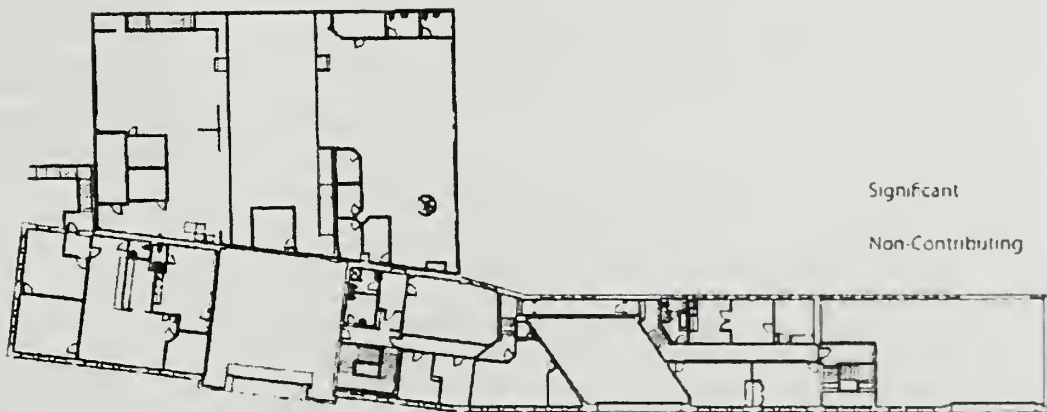
The approach to façade renovations must be gentle and non-invasive. The painted stucco or concrete wall surfaces, distinctive form and details, and terracotta roofing will be investigated, cleaned and repaired. An approvable approach to window rehabilitation or replacement will be developed to meet program, environmental and mechanical requirements. Focused attention will be paid to the primary entries and original stairwells, the entire building exterior, and special features and fixtures to enhance their historic character and prolong their lifecycle. Universal access and up to date life safety and egress provisions will be incorporated sensitively.

Our team's approach not only aligns with – but DRIVES – our philosophy and values: an appreciation of the building's history and significance; a comprehensive knowledge of the regulations applicable to historic buildings; a sustainable design approach to the built environment; a commitment to contemporary spaces in the information age; a record of exceptional architecture and place-making; and a respect for community in every project we undertake.

Historic Significance Drawings



First Floor



Second Floor

C) PIER 38 REHABILITATION CONCEPT

(1) Meeting the Port's Development Objectives:

PORT'S OBJECTIVES

SFWP RESPONSE

Repair the Pier 38 Bulkhead building

SFWP and its consultant team have performed extensive due diligence on the pier. We have identified all code violations and have addressed solutions which are both time and cost efficient. See attached code summary in Appendix A.

Develop the most effective implementation strategy to quickly re-tenant the Pier 38 bulkhead building in order to achieve the Port's goal of bringing it back into economic use and provide an on-going revenue stream to the Port.

SFWP recognizes the Port's desire to bring Pier 38 back to its useful condition as quickly as possible. However, during our investigation, we have identified various structural and environmental (CEQA) considerations that will require consultation with the Port's Planning and Development and Building Inspection Departments. For this reason, we are presenting two Alternatives to the Port in this submittal:

Alternate 1: Develop Port's Option 1c (first and second floor) of the Bulkhead as set forth in the RFP with a portion of the parking allowed under 1d.

Alternate 2: Develop Option 1a (ground floor only) as set forth in the RFP but do so only as an accelerated phase1 as part of the development of the balance of the overall Pier 38.

These Alternates are discussed more fully in Section d): "Rehabilitation Strategy to ensure a Successful Project"

Encourage the re-tenanting of the Pier 38 bulkhead building to include: office, high technology uses, visitor-serving commercial, entertainment and cultural uses, and maritime uses that complement adjacent waterfront development.

We propose to develop a mixed use project that would respond to the Port's objectives:

- **Office:** High tech office tenants.

We have formed an alliance with SOMA Central, the former Pier 38 tech hub subtenant who is interested in returning to Pier 38. We believe that a mix of tech hubs/entrepreneurial start-ups, established tech firms and venture capital companies would be best served in Pier 38.

- **Retail:** Casual cafés and restaurants, including a beer garden with outdoor dining.

We have an exciting list of potential operators who have expressed interest in the three restaurants / café spaces.

- **Maritime:** Public dock, water taxi landing, kayak landing, small boat launch. We have a longstanding relationship with Paul Nixon and Tidelines and will reactivate and expand the existing berths to provide an exciting boating activity center for water taxis, kayaks and public transient berthing and install a 2 ton boat launch crane to permit the launching of small craft. See letter of support from Paul Nixon at Bay Access and letter of interest from Tidelines in Appendix B.

- **Parking:** 24 self-park or approximately 55 valet parking spaces. Parking will be priced for short term use only.

C) PIER 38 REHABILITATION CONCEPT

(1) Meeting the Port's Development Objectives:

PORT'S OBJECTIVES

Continue the redevelopment of the South Beach waterfront from the Bay Bridge to AT&T Ballpark, by reviving this historic structure, and helping knit Pier 38 into the South Beach neighborhood by bringing people and business activity to the waterfront.

SFWP RESPONSE

Pier 38 provides a unique opportunity to not only knit together this section of the waterfront but to also knit the surrounding residential and high tech community across the Embarcadero with the waterfront.

On the Bay side of the Embarcadero we will adapt the northern apron to be seamless with the new apron of the Brannan Street Wharf and adapt the design of the southern apron to create a continuous Port Walk from the Brannan Street Wharf on the north, across the repaired Pier 38 apron, through the repaired Shed and on to Pier 40 in the south while incorporating a History Walk in the Shed to provide visitors with and interpretative history of the area. We will also take the bold step of removing the office space on the ground floor in the location of the old railroad passage and connecting the Embarcadero to the southern apron via a broad public walkway so that the Port Walk will be more apparently accessible to the public. The new public walkway will be bordered by cafés and restaurants to encourage visitor access to the water.

While many of the developments on the southern waterfront have been successful in attracting visitors to the waterfront, there has also been a shift in demographics on the land side of the Embarcadero. More people are living in denser conditions and more businesses are choosing to office South of Market. By continuing Pier 38's high tech history, Pier 38 would become part of the City's next generation of tech-makers, helping to keep our workforce's greatest asset, its brain trust, within our City. Additionally, the restaurants and cafés would provide a new and exciting reason to visit Pier 38 would capture Giant's and Warrior's foot traffic and would provide a quality waterfront amenity to those residents living in the area. In particular, the northern most restaurant would animate and secure the new Brannan Street Wharf with outdoor tables and chairs facing the new park. Casual take away dining could be brought and enjoyed on the park, taking advantage of the magnificent Bay views. Details are presented in Section d).

C) PIER 38 REHABILITATION CONCEPT

(1) Meeting the Port's Development Objectives:

PORT'S OBJECTIVES

SFWP RESPONSE

Demonstrate how the short-term Pier 38 bulkhead building rehabilitation will not inhibit a long-term reuse of Pier 38 (i.e., ensure that the short-term construction and operation would not hinder possible subsequent redevelopment of the entirety or majority of Pier 38).

Our team has devoted a considerable amount of time to studying the extent of work to be undertaken in Phase I and the means by which the temporary repairs can be executed in a manner that will not impede subsequent long term development of the Phase 2.

In order to do this, we have asked our structural engineers to consider alternative structural approaches for the permanent seismic upgrading that will have to be undertaken in Phase 2.

In some cases, such as in the newly created Port Walk café spaces, facilities will have to be developed on a temporary basis. Some relatively minor moment frames and shear walls will have to be installed in Phase I and these will contribute to, but not hinder, the ultimate development to be conducted in Phase 2.

There are several interim improvements such as the new apron that will have to be removed for the permanent seismic upgrading of Phase 2 and discussions with the Port's Planning and Development Department will be necessary to resolve these improvements. Further discussion on this item is presented in Section d).

Develop a plan to improve the physical appearance of the bulkhead building and pier shed.

As demonstrated in our prior work along the waterfront, SFWP is committed to respecting the history of Pier 38 while also delivering a high quality project that encourages the public's use of the waterfront.

The Bulkhead and Phase I of the Pier shed will be resurfaced and upgraded. New Port Walks will be constructed, providing more porosity and public access through the Pier. The dock and marina will be repaired and put back into use. The bulkhead building will be restored and upgraded in conformance with the Secretary of the Interior's Standards.

Require that any adaptive reuse will be consistent with the Secretary of Interior's Standards for the Treatment of Historic Properties ("Secretary Standards").

All plans will be consistent with the Secretary of the Interior's Standards and would be completed with the goal of obtaining historic tax credits during Phase 2.

See memo from Farella Braun + Martel summarizing the major issues related to obtaining historic tax credits at Pier 38 as well as a letter of interest from US Bank in Appendix C.

C) PIER 38 REHABILITATION CONCEPT

(1) Meeting the Port's Development Objectives:

PORT'S OBJECTIVES

SFWP RESPONSE

Require a sustainable development program that minimizes the reliance on private automobiles, uses energy efficiently and, as possible, includes alternative energy sources that comply with the City's Green Building Standards.

Currently, we are anticipating that no more than 55 total cars required for restaurants and cafés will be provided. No commuter parking will be included and all of the parking spaces would be priced to encourage short term parking. Bike lockers would also be provided for tenants and visitors within the Pier shed and free parking racks provided along the Port Walk.

We will provide water taxi landings free of charge (within the Port's policies) to encourage the use of public water transportation. A transportation education and management program will be prepared for our tenants, their employees and their visitors. The development will comply with the City's Green Building Standards. The building will be designed to a minimum of LEED Silver standards and we will strive to achieve LEED Gold. We will incorporate alternative power sources such as solar panels, 100% outside air and will investigate the use of Bay water cooling for Phase 2 of the project. We will employ state of the art composting, recycling and trash handling facilities in the Shed building and undertake a Green Restaurant programs with your tenants. A condition of all restaurant leases will be that they undertake to support sustainably farmed produce.

Secure private financial investment to rehabilitate and revive the Pier 38 bulkhead building in the near term.

SFWP is sufficiently capitalized to immediately undertake the Pier 38 rehabilitation, marketing, tenancing and property management. See Section 3.

Provide business and employment opportunities for local workers and businesses during the design, construction and operation phases of the Pier 38 bulkhead building.

SFWP is dedicated to an aggressive LBE program and has exceeded the agreed upon participation goals on prior Port projects. On Piers 11/2, 3, 5 we achieved 22% participation against a target of 15%.

On 8 Washington, we have achieved 24.8% LBE participation to date during the "soft costs" phase and have been working effectively with the City's Human Rights Commission and Finbarr Jewell, the Port's compliance officer.

We will look forward to continuing the relationship on Pier 38.

Provide security for the entire Pier 38.

SFWP will provide security for the project immediately upon direction from the Port.

As property manager for Piers 1 ½, 3 & 5, our Director of Security is well versed in the unique requirements of the waterfront and is prepared to staff and manage Pier 38 immediately.

C) PIER 38 REHABILITATION CONCEPT

(3) Use Program

Restaurant and Cafés: SFWP proposes to convert most of the ground floor space to public serving restaurants and cafés, enhancing the porosity of the Pier, encouraging public access and improving its position and value in this ever popular section of the waterfront. SFWP is proposing three potential retail spaces at Pier 38 and has identified several local, exciting tenants. Pier 38 restaurants and cafes will be oriented towards the growing SOMA, South Beach and Rincon neighborhoods, the burgeoning tech community and the visitors to the Giants and Warriors stadiums. See Appendix E for restaurant and café space plans.

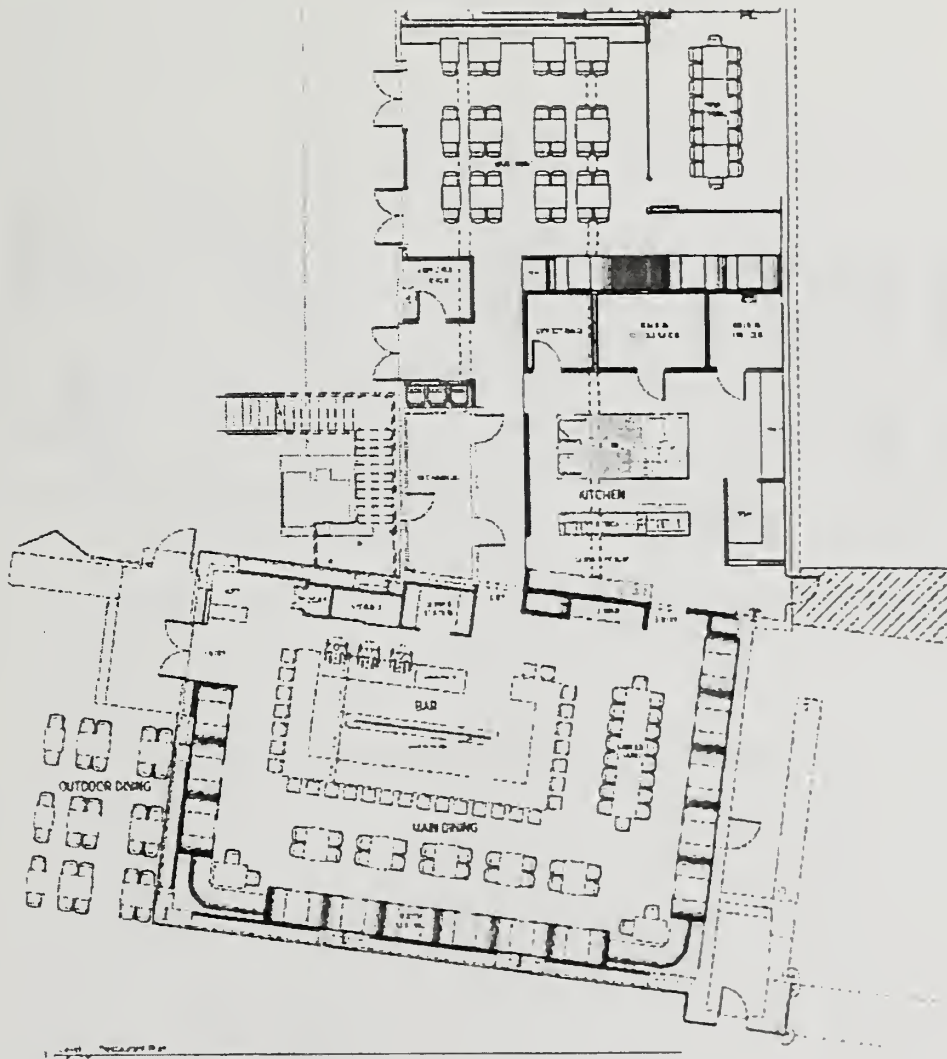
We will also propose to the Port to add the lease for the Pier 40 restaurant space due to expire in April 2013 to the scope of Pier 38 so that the entire Bulkhead building can be rehabilitated at the same time. Doing so would enable us to clean up the southern extremity of the building and the apron connecting Pier 38 to Pier 40.

Space #1: approximately 2,100 SF – 3,500 SF: We see this as a casual restaurant with some outdoor seating facing the north apron and the Brannan Street Wharf beyond. This space may provide take-out food to be enjoyed in the new Brannan St Wharf park and for boaters in the marina. A portion of the space may be set aside for a maritime office and a security office. We are currently in discussions with a tenant to operate a Prague-style beer garden at this location. A description of the tenant and their concept are attached in Appendix F.

Space #2, 1,604 SF (with potential back of house of 1,830 SF): This is envisaged as a small casual café that will front on the railroad passage facing Space #3. We have been working with local chef, Charles Phan, on an Asian fast-food concept for this location. A letter of interest from Charles Phan is attached in Appendix G.

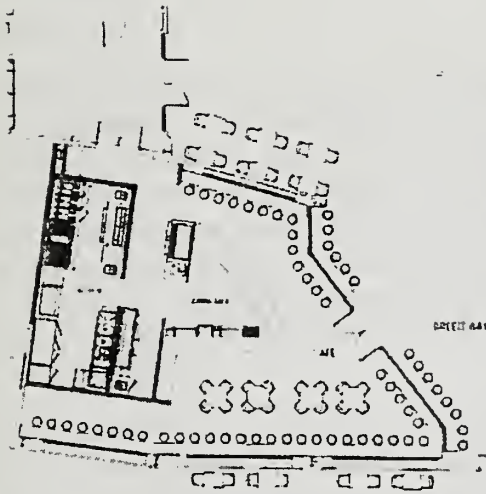
Space #3, 1,606 SF: This is immediately south of the “Railroad Passage” currently blocked by the large green door that would be converted from office to café. The potential exists to combine this with the Pier 40 Bulkhead restaurant space that is commonly known as Carmen’s should the Port decide to combine the space with Pier 38 thereby creating a restaurant of approximately 3,600 SF.

All initial retail leases will have a shorter term with lower capital investment and a suspension option to provide for the potential of temporary interruption for the Phase 2 seismic work.

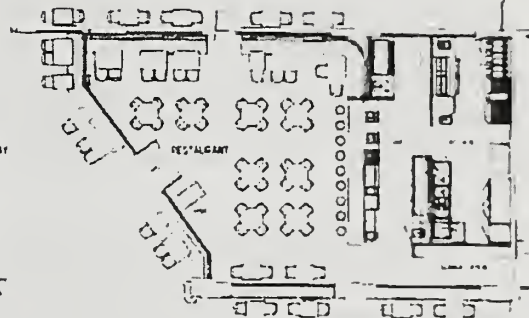


Pier 38 North Restaurant
Space #1

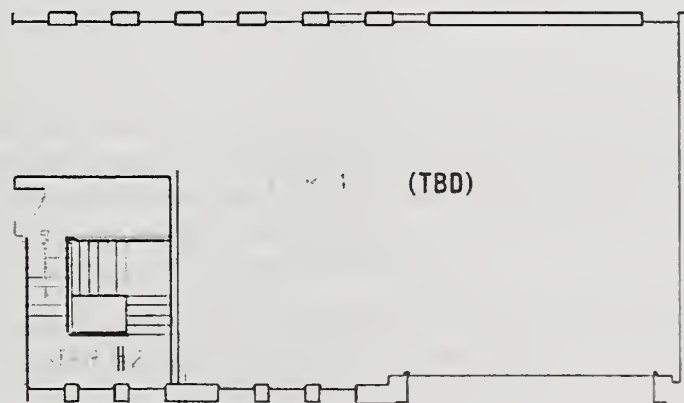
Pier 38 South Cafes



Space #2



Space #3



C) PIER 38 REHABILITATION CONCEPT

(2) Use Program

Parking

With regard to the code compliance set forth in the RFP, we propose to adopt a portion of the parking allowed under Port Option 1d with a slight modification. We believe that "B" occupancy (i.e., no public assembly on the second floor) will be appropriate. This would enable us to utilize the greater length of the 1908 Shed for parking. However, the impact on occupancy calculations resulting from the addition of restaurants on the ground level will result in the maximum parking allowed under Option 1d to be reduced to a maximum of 48,765 SF from the 70,200 that was calculated without the restaurant assembly in order to stay within the maximum allowable occupancy of 634. This would result in up to 80 self-park (or 167 valet) spaces.

In both our Alternate 1 and Alternate 2 proposals, we propose to not utilize all of this capacity and to stay with the smaller car park of 19,600 SF which would yield 24 self-park or 55 valet spaces. Since Piers 30-32 were re-opened to parking, demand for 38 has dropped. However we recognize that, should Piers 30-32 be redeveloped and occupied by the Warriors, the demand may increase. We will be flexible and cooperate with the Port and their Planning Department in determining the appropriate amount of parking that should be provided for its requirements as surrounding demand changes.

Maritime Use

Existing Facilities

SFWP will repair the existing northern dock and resume the use for short term and transient boat berthing. In addition, we would be prepared to expand its use by providing space for a water taxi landing and would also augment this facility with space for a kayak landing and a subsidized junior sailing program. We will install a two ton capacity derrick on the northern apron to enable the public to launch kayaks and small boats.

The water taxi and kayak landings could potentially provide the Port with a much less expensive option than providing them at the Brannan Street Wharf.

Future Expansion

The potential for a future expansion of the Marina has been studied extensively by Moffat and Nichol and is shown as potential future amenity in the Phase 2 planning. While planning and structural provisions along the Pier apron will be incorporated under Alternate 2, further discussions with BCDC, South Beach Harbor (Port) management and Cal Boating will be required before the economic feasibility of this facility can be determined.

C) PIER 38 REHABILITATION CONCEPT

(3) Use Program

Public Access

Pier 38's location is destined to be one of the most highly pedestrian trafficked areas on the waterfront, given its orientation between the Ball Park and the Warriors Arena. Therefore, SFWP is proposing to repair and create new public access points on Pier 38, including a new public passageway on the southern side of the project. This will encourage the public to pass through the bulkhead building onto the Bay side of the Pier. In addition, a public access breezeway would be created within the shed, allowing the public to pass through the shed to the northern apron, connecting to the Brannan Street Wharf.

Under Alternate 2, a public apron surrounding the project and varying from 15 ft. – 30 ft. would be incorporated with two additional public walkways bisecting the shed in the north south direction. See Appendix I.

Overall summary of Uses:

Alternate 1: Phase 1 Only, Port Option 1c (With portion of parking under 1d)

PROGRAM USE	SQ. FT
Office (rentable)	21,018
Restaurant & Cafés	6,847
Maritime (approx.)	6,000
Public Access	15,868
Parking / Bike Lockers	18,843

Alternate 2: Phase 1 and 2 combined: Port Option 1a (Phase 1) and Phase 2 Combined

PROGRAM USE	SQ. FT
Office (rentable)	181,144
Restaurant & Cafés	6,296
Public Event Space	5,517
Maritime (Phase 1)	6,000
Public Access	48,520



PIER 38

BULKHEAD
REHABILITATION
PROJECT

Project Summary

RESPONSE TO REQUEST FOR PROPOSALS
PORT OF SAN FRANCISCO
25 MARCH 2013

PIER 38

C1. OUR HOLISTIC CONCEPT



Our team's approach looks at the Rehabilitation potentials of Pier 38 in two different phases, the first of which meets the Port's RFP objectives in every way, while preserving and in fact enhancing the Port's future ability to bring the entire Pier 38 into a vibrant new life as a state-of-the-art, mixed-use waterfront facility. Per the RFP, Phase 1 is focused on the bulkhead building and the immediate infusion of activating uses into the existing reusable spaces. We plan to create a lively waterfront destination in concert with the Brannan Street Wharf, while realizing immediate income for the Port, with a reasonable up-front capital investment. In recognition of the active public space that The Embarcadero has become, we propose placing a revolving Food Truck program and informal dining space in the northern section of the bulkhead. The southern half of the bulkhead would remain in office use, as will the western portion of the mezzanine. Extending approximately 200 feet to the west into the Pier building itself we include 40-60 parking spaces for temporary use. In short, the proposed rehabilitation concept will bring the building back into active use while undertaking required code repairs. It will bring the public into the structure to enjoy the historic maritime character of the pier shed in sections where they can quickly, safely and economically be accommodated.

The second, long-term phase of development, if the Port chooses to move forward, would result in the full rehabilitation of Pier 38 into a mixed-use retail, maritime, and office project. This Phase 2 work would include a full seismic retrofit, rehabilitation of the historic bulkhead and pier structure in accordance with Secretary of the Interior standards, full public access to new pier aprons, and additional maritime facilities on the south side of the pier.

Our analysis of the immediate Phase 1 rehabilitation of the bulkhead has included consideration of the future strategies for the full Phase 2 work, to ensure that these efforts can be undertaken in a compatible manner.

C2. PORT DEVELOPMENT OBJECTIVES

- **Repair Pier 38 Bulkhead Building, etc:** Our Phase 1 project will repair the Pier 38 bulkhead building, including remedying minor structural deficiencies, replacing mechanical and electrical systems, make all needed Phase 1 egress, ADA and code and other regulatory requirements. All the work we perform will be done in accordance with the Secretary of the Interior Standards.
- **Implementation strategy:** Our goal is to quickly re-tenant the Pier 38 bulkhead, and to bring it back to a series of uses that bring it back into economic viability, while providing a revenue stream to the port. Our “food truck court,” dining space and re-tenanted tech-oriented office areas will accomplish this objective.
- **Re-tenanting the Pier 38 bulkhead:** Our proposal accomplishes the Port’s objectives for use of the Bulkhead: office, high-tech, visitor-serving commercial, entertainment and cultural uses, and maritime uses:
 - **OFFICE AND HIGH-TECH:** the Phase 1 project will include approximately 20,000 sf of office which we believe will be highly desirable to technology and creative tenants. These tenants generally favor open-layout space, which is highly compatible with the historic preservation goals for the pier.
 - **VISITOR-SERVING COMMERCIAL AND CULTURAL:** the planned ‘food truck court’ and Embarcadero dining space will attract visitors as well as area residents and workers, and will add an activated use adjacent to the new Brannan Street Wharf.
 - **MARITIME USES:** We plan to reuse the existing northern finger pier as a visitor-serving “guest dock” and water taxi location to expand the maritime use of the Pier and its environs.
- **Redevelopment of South Beach etc:** Our Pier 38 proposal will revive this historic bulkhead building in a manner compatible with the new Brannan Street Wharf and the surrounding South Beach community. The new “food truck court” and dining space, which can accommodate occasional live music programming, will provide a welcoming public destination between the Ferry Building and AT&T Park, catering to residents, visitors and ballpark attendees. Visible from The Embarcadero and surrounding streets, the dining will spill out onto the Pier apron adjacent to The Embarcadero, animating Pier 38’s historic bulkhead. Similarly, reuse of the repaired north-side guest dock and water taxi will bring maritime activity to the area. Together, these will knit Pier 38, currently a fenced-off shell, into the ever-growing public life of the southern Embarcadero.
- **How Pier 38 short-term uses will not inhibit future development of Pier 38:** Our Pier 38 proposal involves a reasonable initial investment in anticipation of being able to bring on-line a new and vibrant, refurbished Pier 38 in its entirety. Nothing we plan to do in the bulkhead precludes this development and will accomplish several benefits. Our proposal will bring very rapid change to the Pier 38 bulkhead as described above, and will provide a revenue stream to the Port and animate what is now a shuttered waterfront asset. It will come on line in the near-term and complement the Brannan Street Wharf while providing some opportunity for public access along the north Pier apron and guest dock.
- **Develop a plan to improve the appearance of Pier 38:** Phase 1 will improve the building’s appearance through cleaning and refurbishing of the bulkhead’s windows, facades and details along with lively signage and retail awnings. The tables that spill out onto the pier apron will have umbrellas, and complement the Brannan Street Wharf to make a welcoming and civic public place on The Embarcadero. Further improvements to the appearance of the pier shed building would be part of Phase 2.
- **Adaptive reuse according to the Secretary of the Interior Standards:** TMG Partners has successfully completed prior projects in San Francisco — One Market Street and 1000 Van Ness, under Secretary of Interior Standards. In addition, our team’s architectural consultants, Perkins & Will (architects for Pier 1 and the Ferry Building), and Architectural Resources Group, are experienced with the rehabilitation of historic waterfront finger pier structures such as Pier 38, and have full expertise to accomplish the planned work program in accordance with the Secretary of the Interior Standards. As a team, we are enthusiastic about the rehabilitation and transformation of these historic structures and know how to bring them into vibrant contemporary use that will be an asset, long term, to the San Francisco waterfront.

- **Sustainability:** As a public agency, the Port of San Francisco has an important leadership role in demonstrating environmental stewardship. This development and design team hold environmentally contextual design as a primary driver for our work. This is key both for the natural environment and for the social and cultural environment in which this project will exist. Both TMG and our partners and consultants are highly experienced in sustainable development practices. We will work as an integrated team to identify opportunities and develop strategies to reduce the environmental footprint of the project.
- **ENTITLEMENTS:** If available, the long term renovation of Pier 38 would qualify as a Commercial Alteration as defined by the San Francisco Department of Building Inspection's "Green Building Requirements." As such, it would be required to meet a minimum of LEED Gold or similar. The short term use would not trigger these requirements, though short term improvements would be done with consideration to long term sustainability objectives.
- **ENERGY:** The Pier 38 rehabilitation will be designed with energy efficiency as a key driver, including building envelope upgrades where appropriate and mechanical systems and controls designed to limit energy use. Windows and skylights will enable good daylight for much of the interior space; sensors and controls can reduce the usage of artificial lights during the day. The design team will study the physical feasibility and financial procurement options of onsite renewables; the opportunity for photovoltaics on the large roof of Pier 38 is considerable and the project in theory could be net positive.

- **WATER:** We will specify water efficient plumbing fixtures including waterless fixtures where appropriate. Stormwater and its impacts on bay water quality will be mitigated to the extent possible for a pier structure.
- **MATERIALS:** We will only use interior materials that are low emitting as well as regional and recycled where possible. We are also committed to reusing as much of the original materials as possible, both for historic integrity and to minimize the carbon footprint of the new construction.
- **AMENITIES:** Parking impacts will be minimized and pedestrian, bike and boat access will be emphasized. Public access is a key part of the program and our team will ensure that public spaces are of high quality and designed for meaningful use.
- **Financial:** Our proposal offers the Port payments during construction, ongoing rental income during the term of the lease and investment of over \$6 million in development costs. Additionally, we will be paying parking tax to the City and County, possessory interest tax, building permit fees and required impact fees.
- **Local workers:** TMG is committed to establishing a workforce participation program that focuses on local hiring for construction and participation by small local firms (LBE, MBE and WBE firms) in the design and construction of the improvements.
- **Security:** As part of the property management plan, TMG will provide security for the entire Pier 38 structure including those sections that are not being put to use in the Phase I.

Constructability

We have reviewed all of the existing condition reports and plans prepared by the Port as part of the RFP Process. Holmes Culley, our structural engineering firm has prepared a memorandum (see next page) that outlines our approach towards the required code upgrades and other work. Plant Construction Company has inspected the property and reviewed the reports as well and prepared a budget and general scope of work that supports our proposed use of the space.

The major principles we have established are:

- Introduce active and appropriate uses to the pier with limited code and capital upgrades so as to fully meet building code requirements while maintaining the economically feasibility of the overall reuse plan.
- Meet all accessibility requirements for the re-occupied space.

Under Phase I of the proposed Rehabilitation Concept plan, redevelopment work will be limited to that necessary to achieve an acceptable level of Building Code compliance for the Bulkhead and Shed areas to be reoccupied under the interim scheme. As such, the scope of implementing modern building systems for Phase I is limited, and historic building aspects will be essentially unaffected aside from minor improvements to meet Building Code.

The following table outlines the proposed scope under the Phase I interim use scheme as compared with Option 1 – Basic Code Compliance, documented within Appendix B – Pier 38 Building Code Compliance and Occupancy Study, Port Of San Francisco, January 13, 2012. The table also shows work proposed to be undertaken during the long term "Phase 2" full rehabilitation of Pier 38, which is discussed in greater detail in succeeding sections of this proposal.

ITEM	SCOPE FROM PORT OF SAN FRANCISCO OPTION 1 – FIRST FLOOR	PROPOSED PHASE I INTERIM USE SCHEME – FIRST FLOOR
01	Add new LULA elevators and elevator machine room in two locations, create lobbies.	One LULA elevator and elevator machine room at the northern historic stairs. Note: the second level office space south of the train pass thru remains inaccessible and not code compliant without installation of 2nd LULA. This area is not proposed for re-use as part of Phase I re-development. This scope to be covered under Phase II redevelopment.
02	Reconstruct north and south aprons to the eastern extent of a new pedestrian walk at the eastern end of the parking. Level aprons to provide code compliant path of travel.	Northern concrete apron to be reconstructed to only accommodate access to finger pier. Remaining portion will be fenced off with appropriate signage per Item 11. Southern apron to remain inaccessible. This area will be fenced off with appropriate signage per Item 11. Egress from the carpark portion of the shed, will be internal leading to the Embarcadero via either the drive aisle, or north apron. Replace guardrail at northern apron to meet code requirements. Full pier apron reconstruction to be covered under Phase II redevelopment.
03	Re-grade sidewalk outside of historic south stairwell at promenade along the Embarcadero for ½" threshold at door.	South historic stair is not proposed for re-use for Phase I redevelopment. To be reconstructed under Phase II redevelopment.
04	New level landings added outside all doors.	New level landings at all doors opening to the exterior.
05	Permanent concrete ramp to be added to the north side of the bulkhead.	New ramp at northern "dining" area
06	Hand railings added to the ramp near drive aisle.	New handrails to be provided to ramp near drive aisle.
07	Create vestibule/foyer for access to north side offices from shed.	Not proposed under Phase I scheme. Bulkhead spaces will be considered non-separated occupancies for Phase I redevelopment. No occupancy separations are proposed between drive aisle (S-2) and north side offices (B).
08	Reconstruct exit stairs from second floor on north side of building to meet maximum code riser height (7")	Remove exterior metal stair to northern office area.
09	Add striping at pedestrian path through parking areas.	Striping for pedestrian crossing at parking drive aisle.

ITEM	SCOPE FROM PORT OF SAN FRANCISCO OPTION 1 – FIRST FLOOR	PROPOSED PHASE I INTERIM USE SCHEME – FIRST FLOOR
10	Add new storefront with man door to west end roll up door for access control.	Not proposed under Phase I scheme.
11	Add fence and man gate with pad lock at east end of parking with new signage "Warning Authorized admittance by port maintenance only. Maximum 3 persons".	Fence and man-gate with pad lock at east end of parking with signage.
12	Float new concrete floor in the north office area and/or lower existing floor drain locations.	Float new floor finish in north dining area or lower floor drains in kitchen.
13	Reconstruct sidewalk outside of southern exit stairs/ doors for level landing.	See Item 3.
14	Remove temporary structures in the shed.	Clean up shed and remove temporary structures.
15	Add insulation at piping at all lavatories.	Clean and repair toilet rooms on ground level, provide insulation at piping.
16	Replace all unlabeled fire rated doors and frames in walls between B (office) occupancies and S-2 (parking) occupancy.	Upgrade wall separating bulkhead and shed to a two-hour firewall to separate parking (S-2) and bulkhead space. Provide 90-min roll-up door in firewall at drive aisle. Replace non-labeled fire rated doors from bulkhead area to food truck/parking area in shed, located within separating firewall.
17	Extend/Rebuild existing wall of north exit stair from second floor former shed space.	Rebuild one-hour enclosed north east stair shaft.
18	Create level landing at door into main historic stair by reconfiguring floor.	Level landing at door to main historic stair to be provided.
19	New sprinklers in the 1908 original portion of the shed to bring building into fully sprinklered category.	Shed to be separated from bulkhead with 2-hr firewall. Shed to remain un-sprinklered for Phase I interim use scheme. Full sprinkler protection to be provided under Phase II long term scheme.
20	Add signage on all three sides of the exterior wall of the "vacated" Bulk storage portion of the shed – to "keep out- Port of san Francisco maintenance only"	Refer to item 11.
21		Remove bar and miscellaneous partitions in office and dining areas
22		Cleaning, paint, floor finish for all non-shed areas.
23		Industrial lighting fixtures and picnic tables for dining area
24		Signage for food truck/dining area

ITEM	SCOPE FROM PORT OF SAN FRANCISCO OPTION 1 – FIRST FLOOR	PROPOSED PHASE I INTERIM USE SCHEME – FIRST FLOOR
25		Provide built-up wood floor at train pass thru on ground level.
26	Rebuild north exit stair from northernmost bulkhead office space.	Refer to Item 8.
27	Rebuild one hour enclosed north east exit stair to avoid head knocker condition, extend walls at shed to roof of shed.	Rebuild one-hour enclosed north east stair shaft to compliant stair.
28	Add new ramp between bulkhead and former shed space. Create vestibule for entrance into office space.	Access ramps to be provided where necessary for access between 2nd level bulkhead and shed office space.
29	Add new ramp in north side of former shed space to make accessible path of travel.	Add new ramp in loft area (shed space) at the north side
30	Remove selected partitions to open up space for new tenants.	Internal partitioning to be reconfigured to provide optimal office space.
31	Remove non conforming single stall toilets.	To be removed, as part of Phase I scheme.
32	Add contrast striping to the stairs and code conforming railings at historic stairs.	Replace historic railing with code compliant railing and provide contrasting striping at nosing for both historic stairs.
33	Remove all non wood floor finishes throughout.	Not proposed under Phase I scheme.
34	Remove non code compliant spiral stair.	Remove spiral stair, patch floor.
35	Provide railings under all structural braces where head clearance is non code compliance.	Provide railings under all structural braces where head clearance is less than 80".
36	Remove portion of corridor wall in southern most portion of Bulkhead to create elevator lobby.	Refer to Item 1.
37	Level floor as required between office spaces in bulkhead.	See Item 29.
ITEM	ADDITIONAL SCOPE ITEMS FOR PHASE 1 INTERIM USE SCHEME (MECHANICAL, ELECTRICAL, PLUMBING)	
38	Seismically brace existing HVUs, unit heaters and plumbing piping (is there enough heat in existing condition?)	
39	Ensure existing power supply to pier is adequate to support Food Trucks as generators used in the shed could be a health risk.	
40	Replace/relocate electrical panels, strobe/horn fire alarm units, emergency exit signs, smoke detectors, and fire alarm pull station as required.	
41	Mechanical venting and cooling for elevator machine room	

C3. USE PROGRAM

Food Truck Court and Dining

Capturing the zeitgeist of San Francisco's diverse food culture, our intent is to locate an ever-changing series of the region's best food trucks on a small portion of the Pier per the attached plan, and use a portion of the Bulkhead for informal dining, activating the northern portion of the Pier apron adjacent to the Embarcadero and the new Brannan Street Wharf Park, taking advantage day and evening of the waterfront views and lively Embarcadero atmosphere. The dining space will be fun and festive, with picnic tables, and possibly, controlled live music on evenings and weekends, especially in the spring, summer and fall. New lighting, mechanical systems and paint will be used to create an informal, waterfront ambiance.

We feel this is the most appropriate solution to publicly activating the Pier with a reasonable capital investment at a scale appropriate for the surrounding uses. This approach will provide economic opportunities to San Francisco's growing number of food entrepreneurs, who will provide a variety of food offerings in a manner that can be tailored to meet various peak period demands (such as during baseball season). We believe the food trucks will appeal to visitors as well as local residents in the adjacent South Beach neighborhood, where convenience food offerings are somewhat limited.

High-Tech Office Program

We propose re-creating approximately 20,000 square feet of office space on two floors, facing The Embarcadero on the south portion of the bulkhead building and on the existing mezzanine, per the attached diagram. This strategy reflects no change of use or occupancy which would trigger a seismic upgrade of the entire Pier. We will do needed work to the Pier shell and core as required, introduce new HVAC and electrical systems, sign the tenant leases and provide market-driven tenant improvement allowances to attract potential users.

We plan to re-tenant the office space with creative and technology-oriented firms. We are in negotiations with several of the former technology sector subtenants at Pier 38. TMG has deep experience and relationships in tech office leasing, including recent lease agreements with Macys.com and Riverbed Technology at 680 Folsom, and with a strong roster of technology tenants at the Hamm's Building and other projects.

We believe technology users will be attracted to Pier 38 by the unparalleled waterfront location, the mix of uses, including the proposed food truck court, and by the unique character of the pier bulkhead. Because of their attraction to open floor plan with minimal interior divisions, we believe technology companies are an excellent fit with historic preservation projects.

Maritime Uses

We propose to continue use of the existing docks on the north side of Pier 38. The dock will be repaired and made usable in order to allow San Francisco Water Taxi to provide water taxi service to Pier 38 (see attached letter). Water taxi service will be provided from Marin County and other San Francisco locations. Short term guest berthing will also be permitted which is consistent with the physical condition of the docks.

Public Access

On the north side of Pier 38 we will refurbish the Pier apron to allow new public access along the portion of the Pier we are occupying, and, will be adding a guest dock program to the existing dock. We also anticipate launching a water taxi program for Pier 38, which will be accessible from the existing floating dock.

Parking

Using a relatively minor portion of the Pier 38 shed building, we have located 40-60 new parking spaces to be used in tandem with the refurbished office space we will be leasing. The Phase 1 area of Pier 38 to be used for this and the above program uses has been calculated on the basis of not triggering an entire Pier 38 seismic upgrade. A full seismic upgrade and refurbishment of the pier and shed will be undertaken in Phase 2.

Phase 1 Program Summary

The following summarizes our proposed Phase 1 program:

SPACE	GSF	%
Office (1st Fl)	6,600	11%
Office (2nd Fl)	12,915	21%
Dining Area	6,800	11%
Parking	22,400	37%
Public Access	9,400	16%
Guest Dock	2,400	4%
Total GSF	60,515	100%
Total RSF	19,515	

D1. REHABILITATION CONCEPT PLAN

Historic Integrity

Our team has extensive experience with rehabilitating projects according to the Secretary of the Interior Standards. The team expects to pursue historic tax credits as part of the financing package for the long term development, so the project be reviewed through the State Historic Preservation Office and National Park Service process. Our approach is to conduct a full assessment of existing conditions and provide a historic structures report. We then ensure that architectural interventions as well as structural and systems upgrades are planned with sensitivity to construction sequencing and preservation of historic features and compatibility with those features. A full summary of the design intent and documentation of compliance with the Standards will be included in our report to SHPO and NPS. Our construction drawings will identify these features and call out protection, salvage, reinstallation or rehabilitation where needed to clarify scope for the contractor.

Life Safety

We have reviewed the Port's code compliance assessment and conducted our own analysis. We will undertake several improvements in the short term leading to full life safety improvements for the long term development. For the short term we will ensure compliance of fire separation assemblies for all occupied spaces, provide code required exits and repair the fire alarm system for occupancy. In addition, the bulkhead building will receive full fire sprinkler protection. For the long term development, the building will conform to current life safety codes and have a full fire alarm and fire protection system for both the bulkhead and pier. See the report by Holmes Fire (Section C2 on page 12) for our detailed remediation approach.

Accessibility

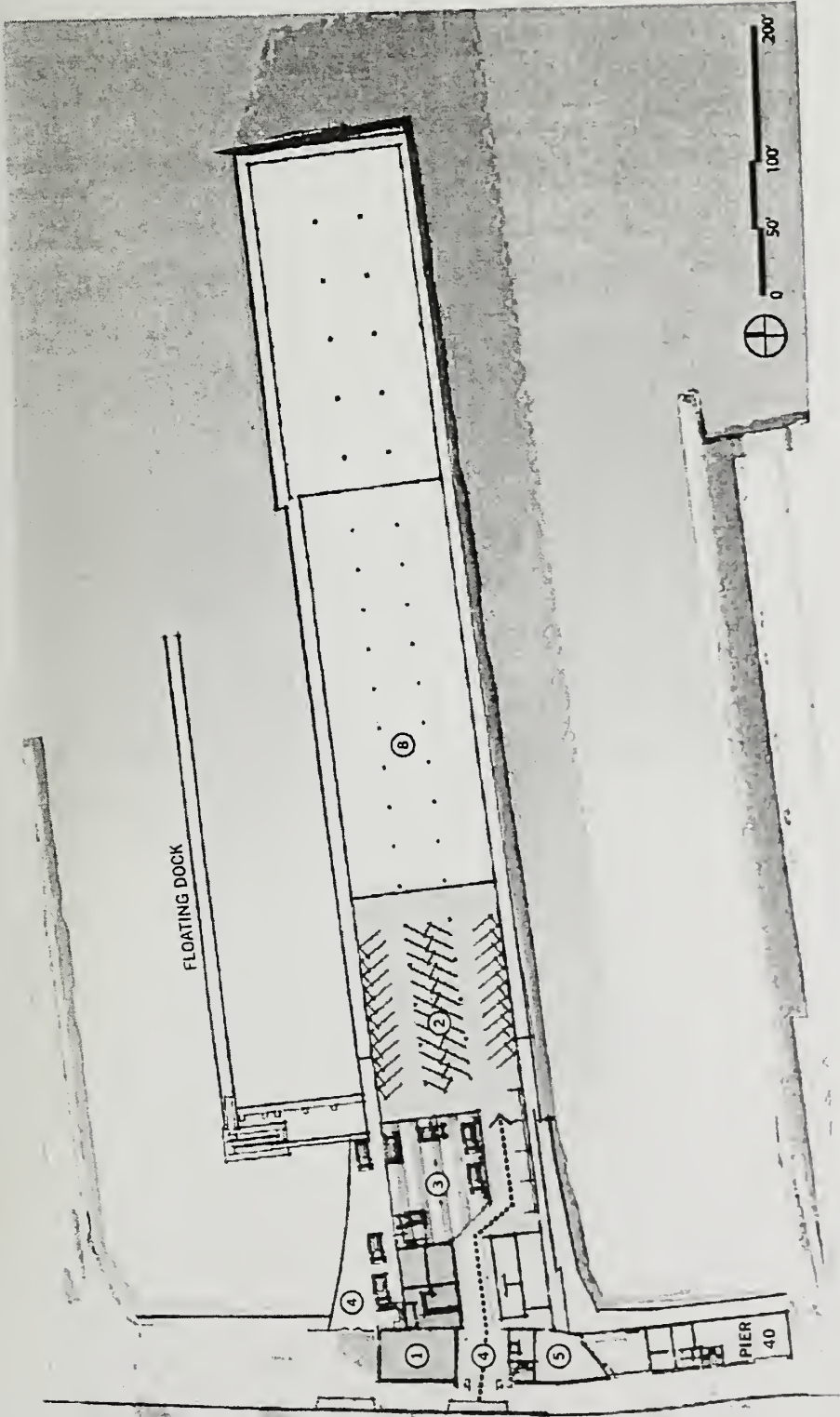
In addition to life safety upgrades, the bulkhead building will be remediated for accessible path of travel to all occupied spaces in the short term. Upgrades will include a LULA elevator to the second floor, revised ramps and level landings where required, code compliant handrails and grab rails and code compliant signage and way finding. The long term development will ensure ADA compliant access throughout. See report by Holmes Fire (Section C2 on page 12) for our detailed remediation approach.

Structural Upgrades

Both the bulkhead building and the finger pier will require significant upgrades for long term seismic safety. These upgrades are summarized in the structural narrative by Holmes Culley presented in Section D5. We have analyzed both the short term use and long term development and have included selected remediation for immediate occupancy, followed by phased full upgrades for the long term use. Most short term upgrades occur in the bulkhead building, both to correct nonconforming existing work and provide for accessibility. All such upgrades will be sensitive to historic fabric and be designed to either not disturb historic finishes or to remove and reinstall or recreate them where appropriate.

D2. SITE PLAN

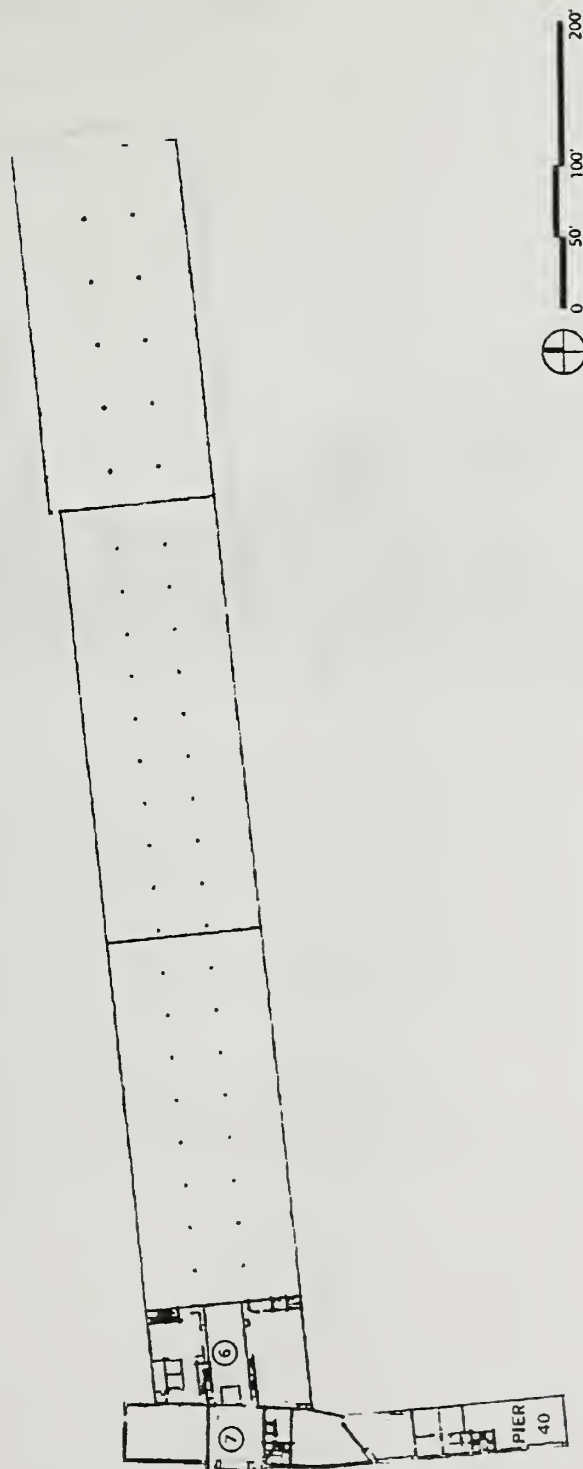
First Floor — Phase I



PUBLIC TRUST USES	
① RETAIL / DINING	6,800 SF
② PARKING (147-45 SPACES)	22,400 SF
③ PUBLIC ACCESS / FOOD TRUCK	6,000 SF
SUBTOTAL	35,200 SF
④ PUBLIC ACCESS GUEST DOCK	9,400 SF
	2,400 SF
TOTAL	47,000 GSF

OTHER USES	
⑤ 1ST LEVEL OFFICE	6,600 SF
⑥ 2ND LEVEL OFFICE (SHED)	7,415 SF
⑦ 2ND LEVEL OFFICE (BULKHEAD)	4,887 SF
TOTAL OFFICE	18,902 SF
⑧ NOT ACCESSIBLE / NO IMPROVEMENTS	78,300 SF
TOTAL	97,202 GSF

Second Floor — Phase I



OTHER USES	
⑤ 1ST LEVEL OFFICE	6,600 SF
⑥ 2ND LEVEL OFFICE (SHED)	7,415 SF
⑦ 2ND LEVEL OFFICE (BULKHEAD)	4,887 SF
TOTAL OFFICE	18,902 SF
⑧ NOT ACCESSIBLE / NO IMPROVEMENTS	78,300 SF
TOTAL	97,202 GSF

PUBLIC TRUST USES	
① RETAIL / DINING	6,800 SF
② PARKING (+/- 45 SPACES)	22,400 SF
③ PUBLIC ACCESS / FOOD TRUCK	6,000 SF
SUBTOTAL	35,200 SF
④ PUBLIC ACCESS GUEST DOCK	9,400 SF
TOTAL	47,000 GSF

D5. LONG-TERM DEVELOPMENT

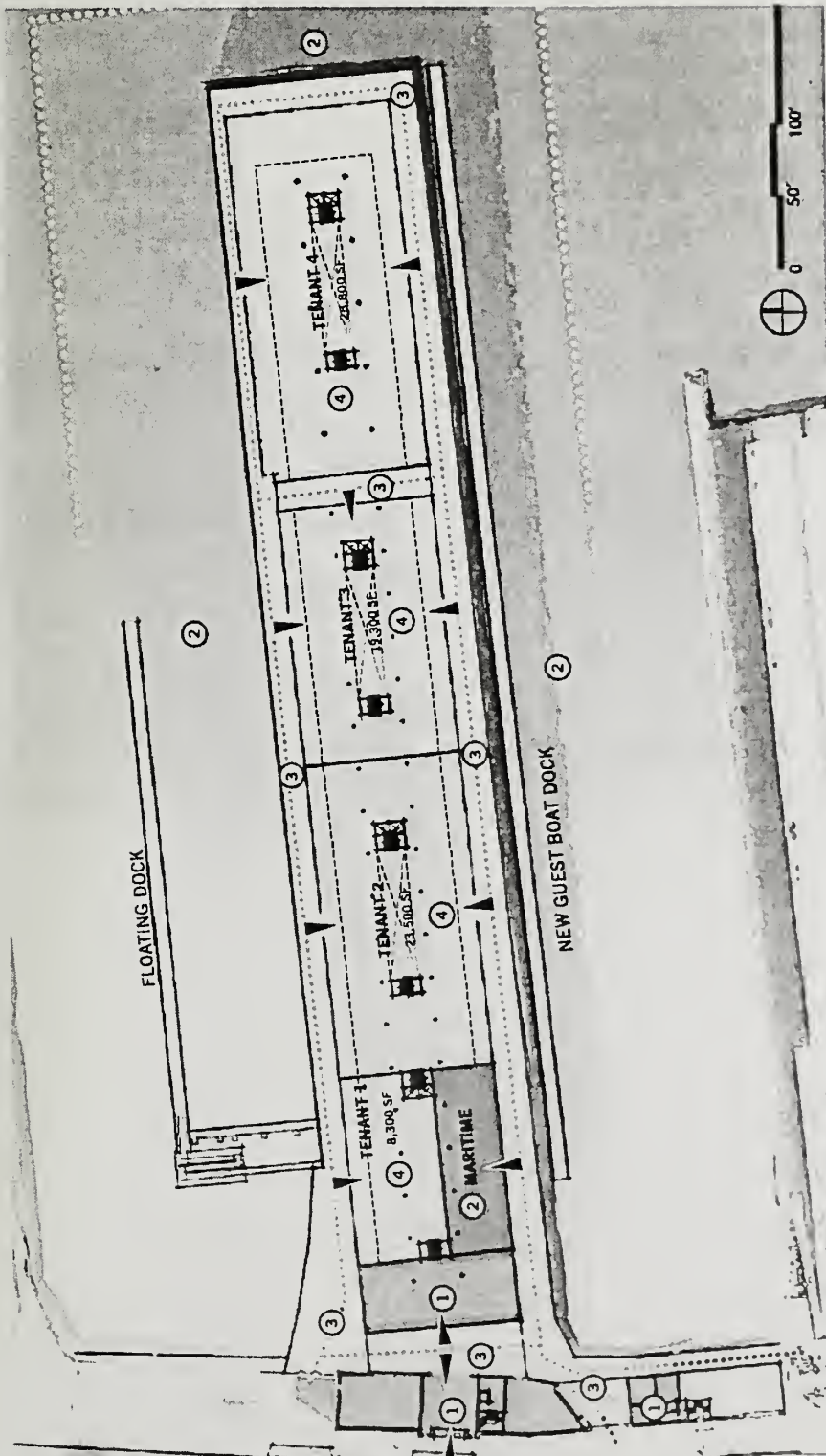
Phase II Concept



Our Pier 38 Phase 2 concept anticipates reuse of the entire finger pier as a long-term, productive real estate asset for the Port of San Francisco. We anticipate transforming this dilapidated, under-utilized structure into a vibrant, water oriented mixed-use development with state-of-the-art, seismically safe maritime, office and retail uses seamlessly integrated into the historic Pier 38 shed and bulkhead. Repurposed in accordance with the Secretary of the Interior Standards, Pier 38 will contribute to the ongoing renewal of Port properties, following in the path of projects such as Piers 1, 1½-5, the Ferry Building, The Exploratorium, and the new Cruise Ship Terminal at Pier 27.

The attached drawings illustrate an approach to the redevelopment and revitalization of Pier 38. Following the drawings, we present our structural engineer's assessment of the future seismic upgrade of the pier and how it fits with the Phase I undertaking.

Site Plan + Uses — First Floor



PUBLIC TRUST USES

① RETAIL / DINING	13,600 SF
② MARITIME USE (FINGER PIER)	2,400 SF
GUEST DOCK	2,400 SF
LEASEHOLD OVER WATER	195,750 SF
BOATING SERVICES	4,500 SF
SUBTOTAL	205,050 SF
③ PUBLIC ACCESS	
APRONS	37,030 SF
PASS THRU LOBBIES	7,070 SF
SUBTOTAL	44,100 GSF

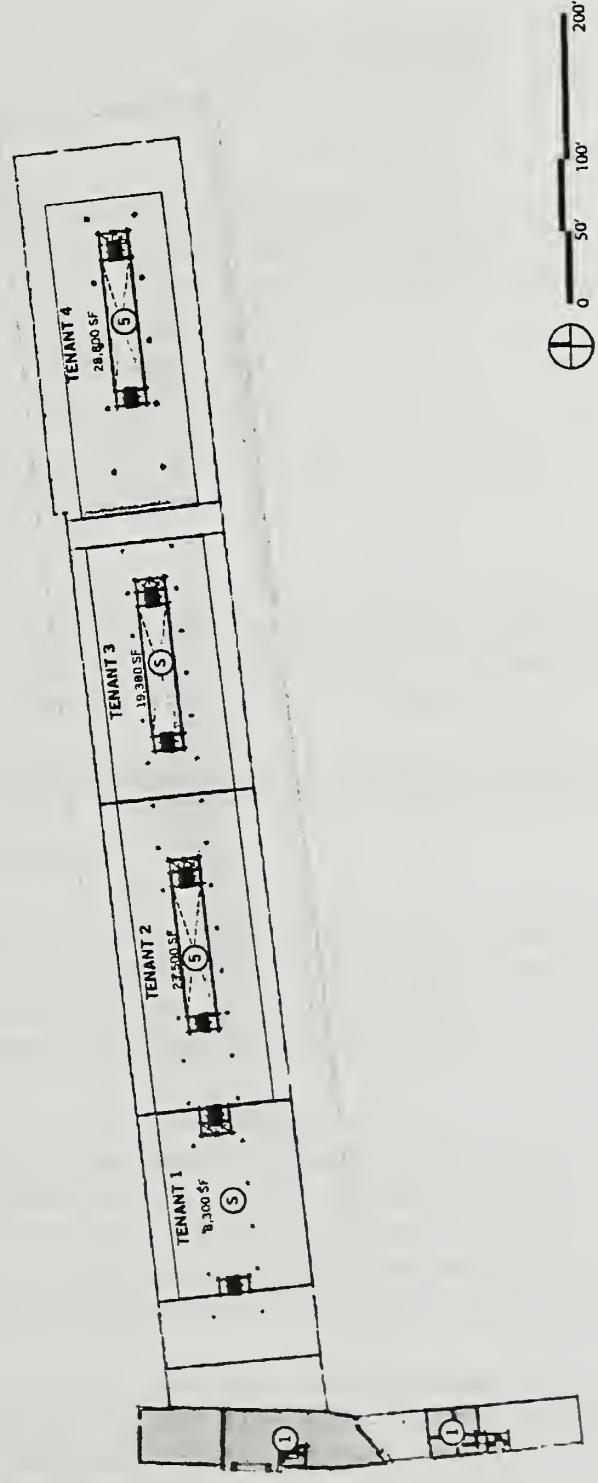
OTHER USES

④ GROUND FLOOR OFFICE	79,900 SF
⑤ SECOND FLOOR OFFICE	59,300 SF
TOTAL OFFICE	139,200 SF

PROJECT TOTALS

PUBLIC TRUST USES W/O WATER	67,000 SF
OFFICE TOTAL	139,200 SF
TOTAL	206,200 SF
PUBLIC TRUST USES WITH WATER	262,750 SF
OFFICE TOTAL	139,200 SF
TOTAL	401,950 SF

Site Plan + Uses — Second Floor



PROJECT TOTALS			
PUBLIC TRUST USES W/O WATER		67,000 SF	
OFFICE TOTAL		139,200 SF	
TOTAL		206,200 SF	
PUBLIC TRUST USES WITH WATER		262,750 SF	
OFFICE TOTAL		139,200 SF	
TOTAL		401,950 SF	

OTHER USES			
④	GROUND FLOOR OFFICE	79,900 SF	
⑤	SECOND FLOOR OFFICE	59,300 SF	
TOTAL OFFICE		139,200 SF	

PUBLIC TRUST USES			
①	RETAIL / DINING	13,600 SF	
②	MARITIME USE (FINGER PIER)	2,400 SF	
	GUEST DOCK	2,400 SF	
	LEASEHOLD OVER WATER	195,750 SF	
	BOATING SERVICES	4,500 SF	
SUBTOTAL		205,050 SF	

③	PUBLIC ACCESS		
	APRONS	37,030 SF	
	PASS THRU LOBBIES	7,070 SF	
SUBTOTAL		44,100 GSF	



MEMORANDUM

June 7, 2013

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Willie Adams
Hon. Leslie Katz
Hon. Mel Murphy

FROM: Monique Moyer *M. Moyer*
Executive Director

SUBJECT: Request Authorization to Commence Pier 27 James R. Herman Cruise Terminal Management Agreement Negotiations with Metro Cruise Services, LLC in Accordance with Chapter 21 of the City's Administrative Code and the Port's Request for Proposals

DIRECTOR'S RECOMMENDATION: Adopt Attached Resolution

EXECUTIVE SUMMARY

The Port Commission authorized a Request for Proposals (RFP) for management services for the Pier 27 James R. Herman Cruise Terminal. This RFP was issued as a professional services solicitation pursuant to Chapter 21 of the City's Administrative Code, which governs solicitation, evaluation and contracting processes.

The Port received two proposals, one from Metro Cruise Services LLC (Metro) and one from Ports America (collectively, Proposers). Both Proposers have been evaluated and ranked by an evaluation panel based on written proposals and interviews in accordance with published RFP evaluation criteria and interview questions. The evaluation panel selected Metro as the highest ranked Proposer with a score of 179.6 out of a possible 200 points. The next highest ranked Proposer is Ports America with a score of 127.2.

Staff request the Port Commission's authorization to commence negotiations with Metro as the highest ranked Proposer pursuant to the regulations of the City's Administrative Code. Since the evaluation process is now complete, the Port Commission must take action to approve or deny staff's recommendation to negotiate with Metro. If the recommendation is approved, the Port Commission separately give direction and

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guidance to Port staff to guide the business terms negotiation. Upon successful completion of negotiations, the Port Commission will formally consider approval of the management agreement with Metro.

The goal of the RFP timing has been and continues to be to complete negotiations of the management agreement by Fall 2013. This will allow the management team to be a part of the Pier 27 implementation process so terminal activity can commence by September 2014 when construction is complete and the terminal is deemed operational. In order to kick-start the special events program, it is imperative that the management team begins its marketing outreach program to ensure that a special events program in coordination with the cruise schedule be booked months in advance of September 2014.

In the event the Port and Metro cannot resolve the requisite business terms of a management agreement, Port staff would return to the Port Commission for authorization either to commence negotiations with the second highest-ranked Proposer, Ports America, or to reissue the solicitation.

INTRODUCTION

The Port has completed the first phase of the Pier 27 construction project. In March 2013, Pier 27 was transferred to the America's Cup Event Authority for use in connection with the 34th America's Cup racing events. After the America's Cup racing events are finished and no later than November 2013, Pier 27 will be returned to the Port and the Port will begin to complete the second phase of construction. It is anticipated that Pier 27 will be operational as a cruise terminal and available for special events by Fall of 2014. Pier 27 will become the primary cruise terminal while Pier 35 and Piers 30-32 will be retained as secondary and tertiary cruise berths, respectively.

Currently, cruise terminal operations at Pier 35 and other Port facilities designated for cruise ship berthing are performed by Metro under a management agreement that is scheduled to expire the earlier of April 30, 2015 or "the date on which the Port commences cruise ship operations at another facility... which the Port has identified as its primary cruise ship facility..."

RFP EVALUATION PROCESS

On September 11, 2012, the Port Commission approved Resolution 12-66, authorizing staff to issue an RFP. This RFP included the request for a management team to manage cruise terminal passenger operations, parking and special events at the new primary Pier 27 cruise terminal as well as to manage cruise terminal passenger operations for other Port facilities designated for cruise ship berthing. The Port issued the RFP on October 22, 2012.

On February 15, 2013, the Port received two proposals, one from Metro and one from Ports America. Metro's proposal includes two subcontractors: (i) IMPARK (Imperial Parking (US) LLC) as parking operator and (ii) Hartmann Studios as event operator.

Ports America's proposal also includes two subcontractors: (i) Convenient Parking LLC as parking operator and (ii) Columbia Hospitality as event operator.

Port staff reviewed both proposals, reviewed business references, and determined that both Proposers met the minimum qualifications stated in the RFP. The Port convened an evaluation panel on April 22, 2013 to evaluate and score the written proposals and interviews based on the evaluation criteria published in the RFP and in accordance with standard City procurement policies and practices.

In alphabetical order, the evaluation panel consisted of:

- Louise Anderson -- retired Port maritime staff member formerly responsible for financial analysis on behalf of the Maritime Division
- Pat Gallagher -- former special events executive for the San Francisco Giants Enterprises and Marine World Africa USA
- Ann Lazarus -- Commissioner of the Board of Permit Appeals, former Port Commissioner and former executive director of Fort Mason Center
- John Noguchi -- Director of the City's Convention Facilities Department
- Denise Turner -- Port maritime staff member responsible for cruise operations and logistics

Panel members were selected for a combined expertise in cruise operations and logistics, maritime finance, and special event management.

Andres Acevedo, the Port's contract manager, facilitated the interview and scoring process with assistance of Esther Reyes, a contracting consultant and a former staff member of the City Controller's office. John Davey, John Doll and Nate Cruz served as Port technical advisors to the panel. Consistent with City policy, Finbarr Jewel, Contract Management Division (formerly Human Rights Commission) manager, attended all meetings of the panel to ensure the integrity of the evaluation process. Mr. Acevedo collected signed solicitation participation acknowledgements from each of the evaluation panel members to ensure that the evaluation process would be confidential and that none of the members had conflicts of interest with the two Proposers. Mr. Acevedo outlined the evaluation process to panel members in which written proposals were discussed collectively and then scored individually. Following written proposal scoring, the evaluation panel interviewed each of the Proposer teams based on a list of questions that had been provided in advance to both teams. After each of the interviews were completed, Mr. Acevedo asked panelists to discuss and then to score them. The scoring sheets were then submitted to Mr. Acevedo for final tabulation and panel averages to determine the highest ranked proposer.

RFP EVALUATION HIGHLIGHTS

Following the written proposal evaluation, the following comments were provided by the evaluation panel members:

	Metro	Ports America
Strengths	<ul style="list-style-type: none"> • Well qualified with experience running cruise terminals at other ports • Strong special event management proposal, working with an accomplished local partner, keen understanding of the local market • Well-presented parking operations plan 	<ul style="list-style-type: none"> • Well qualified with experience running cruise terminals at other ports • Lean staffing model, reduce costs though technology e.g. reducing security staffing cost though the use of cameras
Weaknesses	<ul style="list-style-type: none"> • Unclear on the division of roles and responsibilities between Metro Shore and Hartman Studios • Unclear why Metro's wages and benefits are so high 	<ul style="list-style-type: none"> • Special event management proposal was weak, did not have a good grasp of the local market. Special event management partner located in Seattle, not clear who would staff SF office. • Parking operations plan weak, lacked details on variable pricing as well as how they will transition from ground transportation operations • Did not provide much background information on staff • Concerns about management team (cruise, special events, parking) communications – compartmentalized • Business development plan seemed to be missing • Weak marketing plan, approach was naïve

RFP EVALUATION SCORING

The evaluation panel evaluated and ranked both Proposers based on their written proposals and interviews in accordance with the published RFP evaluation criteria. The maximum possible score for the RFP evaluation is 200 points: 100 points for written proposals, and 100 points for interviews. The same categories were evaluated for both written proposals and interviews: Management Experience (30 points); Management Structure (20 points); and Management Plan (50 points). The scores for both proposers are shown in summary form below and in more detail in Exhibit D.

	<u>Metro</u>	<u>Ports America</u>
<u>Written Proposal Evaluation Criteria</u>		
Management Experience	25.8	18.6
Management Structure	18.4	13.0
Management Plan	<u>45.0</u>	<u>27.0</u>
Subtotal	89.2	58.6

Interview Evaluation Criteria

Management Experience	26.0	20.8
Management Structure	17.8	13.0
Management Plan	<u>46.6</u>	<u>34.8</u>
Subtotal	90.4	68.6

Grand Total	179.6	127.2
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After the scores were finalized and reviewed by the City's Contracts Management Division, the evaluation panel members were unanimous in their decision in ranking Metro as the highest ranked Proposer.

STAFF ANALYSIS

Both respondents are very qualified to manage cruise passenger operations at Pier 27. Both assembled qualified teams to manage special events and parking operations. Staff supports the evaluation panel's ranking because it finds that Metro has a better defined management structure and a more detailed business plan for cruise operations. Metro has partnered with Hartmann Studios who has significant local experience in coordinating special events and with IMPARK who has proposed installing automated pay stations to maximize revenue for parking operations. For more detail on Metro's business plan for each of these uses, including marketing and operational considerations, please see Exhibit E.

Financial Proposal

In response to an addendum to the RFP, both Respondents provided a pro-forma of revenues over a 10 year period including projections of special event, stevedoring, and parking revenues. The table below shows Metro's summary pro-forma for the first five full years of cruise operations that includes Pier 27, Pier 35 and Piers 30-32.

Pro-Forma Category	Year				
	1	2	3	4	5
Assumptions					
Assumed Vessel Calls	70	74	78	82	86
Passengers at 2500 per call	175,000	185,000	195,000	205,000	215,000
Special Events	18	36	36	48	48
Revenues					
Stevedoring Fees	6,902,612	7,370,017	7,846,080	8,330,928	8,824,688
Special Events	545,400	1,101,708	1,112,725	1,498,470	1,513,454
Parking	1,573,261	1,604,726	1,636,821	1,669,557	1,702,949
Total Revenues	9,021,273	10,076,451	10,595,626	11,498,955	12,041,091
Expenses					
Fixed Expenses					
Wages and Benefits	1,606,410	1,781,395	1,877,290	2,028,522	2,127,833
Other (Taxes, Insurance, Maintenance, Utilities...)	1,285,877	1,446,306	1,508,973	1,617,685	1,683,177
Variable Expenses					
Cruise	4,390,678	4,730,890	5,041,229	5,384,157	5,708,642
Special Events	13,635	27,815	28,094	37,833	38,211
Parking	11,211	11,435	11,664	11,897	12,135
Total Expenses	7,307,811	7,997,841	8,467,250	9,080,094	9,569,998
Net Revenues	1,713,462	2,078,610	2,128,376	2,418,861	2,471,093
Profit and Management Fees to Operator	748,986	913,634	936,322	1,112,069	1,136,238
Payment to Port from Terminal Operator	964,476	1,164,976	1,192,054	1,306,792	1,334,855
Additional Port Revenue from Cruise Lines (at \$6 PFC)	3,150,000	3,330,000	3,510,000	3,690,000	3,870,000
Total Port Revenue	4,114,476	4,494,976	4,702,054	4,996,792	5,204,855

At the Port Commission's April 23, 2013 meeting, Port staff presented an expected range of Port revenue from \$4.3-\$5.4 million per year once operations have stabilized (see Exhibit F, hereto).¹ Notably, total Port revenue in the table above (ranging from \$4.1 million annually to \$5.2 million annually) generally falls within that expected range². It is currently anticipated that Port revenues from the Pier 27 operator will be used to pay debt service on Port indebtedness for the facility and pay the costs to dredge the cruise sites. To break-even on the Port's costs related to Pier 27, Pier 35 and Piers 30-32, Port staff estimate that approximately \$4,895,000 is needed in revenue to the Port.

¹ Ports America also submitted a pro-forma of revenues, which, when compared to Metro's pro-forma, assumed lower vessel calls (from 68 increasing to 76) and passenger volumes (approximately 150,000 to 170,000). As a result, Ports America's pro-forma showed a much lower range of revenues to the Port of \$3.5 to \$4.3 million).

² Year 1 estimates fall outside the Port staff estimated range of \$4.28 million annually which would increase the shortfall, after payment of debt service, to \$(780,524). However, it is reasonable to conclude from the low special event count of 18 in the first year that Metro does not assume operations are substantially stabilized until Year 2 when Metro's estimated revenues exceed the Port low scenario revenue estimate reducing the shortfall, after payment of debt service, to \$(400,024). It should be noted that neither of the pro-formas submitted by Metro or Ports America provided information regarding the number of cruise ships which were assumed to berth at the primary terminal versus a secondary or tertiary terminal. Therefore comparisons between Port staff's estimated revenue range (which assumed 20% of cruise calls were diverted from the Pier 27) and those provided in the pro-formas (which include unknown assumptions) should be made cautiously.

Port staff notes that the figures in the table above are a derived summary from the pro-formas submitted by Metro, and have not been corrected for errors (if any) in calculation or assumptions. Figures presented above as "Payment to the Port from Terminal Operator" were calculated by Metro, and because negotiations for operating agreement terms have yet to begin, are based on assumptions by Metro without input or review by Port staff. Port staff notes that Metro proposes a 5% annual growth in cruise calls which staff agree is realistic in the near-term. Port staff believes an annual growth of 5% in the long-term is somewhat speculative and requires more investigation. Nonetheless, the above pro-forma serves as a starting point of reference for negotiations with Metro.

SCHEDULE

Consistent with the City's contracting procedures, each of the Proposers had the opportunity to object on any grounds to any provision or legal requirement set forth in the RFP or any addenda within ten days of issuance. There were no objections to the RFP terms and that protest period has expired.

The second RFP protest period lasts for five working days from the Port's issuance of a notice of intent to award. Port staff issued this notice of intent to award on May 17, 2013. There were no objections to the notice of intent to award and that protest period has expired.

The Port Commission has the discretion to authorize or reject negotiations with the highest ranked Proposer recommended by the evaluation panel. Based on the evaluation panel's scores, Port staff recommends that negotiations commence with Metro, as the highest ranked proposer, to negotiate and resolve business terms of the management agreement. In the event that Port staff and Metro cannot resolve business terms of the management agreement, then Port staff would return to the Port Commission for authorization to commence negotiations with Ports America as the second highest ranked Proposer or to reissue the solicitation.

If the Port Commission approves commencement of negotiations with Metro, the estimated timeline is summarized below:

Summer – Fall 2013	Negotiate with highest ranked proposer
Late Fall 2013	Port staff recommendation for approval of a management agreement
November 2013	Execute management agreement
January 2014	Management agreement commences
September 2014	First ship call at Pier 27 and automatic termination of existing cruise terminal operating agreement with Metro

If authorized negotiations fail with highest ranked Proposer, then the Port Commission has the ability to authorize negotiations with the second highest ranked Proposer. If this were to occur, the timeline for this management agreement negotiation might be:

Late Fall 2013	Port staff recommendation that after acknowledgement that reaching business terms with the highest ranked Proposer had failed, authorize negotiations with second-ranked Proposer
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Winter – Spring 2014	Negotiate with second ranked Proposer
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Late Spring 2014	Port staff recommendation approval of a management agreement
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Should the Port Commission reject the staff's recommendation to proceed with the highest-ranked bidder pursuant to the Administrative Code, and should the Port Commission direct staff to rebid the RFP, the anticipated schedule would be:

Summer 2013	Reissue RFP
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Late Fall 2013	Receive responses to the RFP
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Late Winter 2014	Port Staff recommendation to authorize negotiations with new Proposer
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Late Winter – Late Summer 2014	Negotiate with new Proposer
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September 2014	Port staff recommendation approval of a management agreement
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Port staff believes it is critical to complete negotiations of the management agreement by Fall 2013. This will allow the management team to be a part of the Pier 27 implementation process so terminal activity can commence by September 2014 when construction is complete and the terminal is deemed operational. In order to kick-start the special events program, it is imperative that the management team begins its marketing outreach program to ensure that a special events program in coordination with the cruise schedule be booked months in advance of September 2014.

If Port staff is authorized to negotiate with the highest ranked Proposer, but fails to resolve business terms by late Fall 2013, then staff would return to the Port Commission for the authorization to commence negotiations with the second highest ranked Proposer by the end of the year with the intention that after three months of negotiation, a management agreement could be presented to the Port Commission for consideration by April or May 2014. While this would represent a delay to the operator's ability to market the facility for cruise and special events, Port staff believes most of the Port's objectives could still be met in time for the first cruise call at Pier 27 anticipated for September 2014.

ITEMS FOR BUSINESS TERM NEGOTIATION

Port staff are in the process of reengaging our cruise terminal consultant, Bermello & Ajamil, to prepare a report to analyze cruise terminal maintenance and repair cost comparisons with other West Coast cruise facilities. Such analysis will review how sensitive cruise lines are to costs and specifically whether these sensitivities differ for terminal operating costs or for passenger fees, the latter of which are passed on directly to the passenger. The analysis will also address cruise terminal business models of other North American ports and provide a recommendation for a Pier 27 business model. This analysis will help guide the Port in negotiating and managing its cruise terminal operations. Staff will present Bermello & Ajamil's findings at the Port Commission's September 10, 2013 meeting.

Specifically, Port staff will use the consultant assistance of Bermello & Ajamil as support to clarify business term issues throughout the negotiation process. As part of the negotiation process, Port staff recommends that a term sheet be developed with the highest ranked Proposer. As per Port practice, it is anticipated that the Port Commission can provide on-going guidance to the formation of specified business terms influencing price and terms of payment.

There are a number of potential business terms that will require Port Commission guidance for negotiations with the highest ranked Proposer. Because the management agreement will describe not only the services to be provided but also the parties' rights and obligations regarding the use and operation of Pier 27, the business terms include certain real estate matters that are often included in leases and license agreements. Potential business terms include:

Pier 27 Payment Structure: Every cruise port has its own unique structure. As noted, the current management agreement requires the terminal operator to pay a base use fee plus bonus payments to the Port. Further, cruise lines pay a Port tariff (i.e., dockage and wharfage fees) directly to the Port. Port staff expects these payment types to continue under a new agreement plus any new passenger facility charges. Unless otherwise recommended by Bermello & Ajamil or directed by the Port Commission, Port staff would likely recommend a similar deal structure. There would be negotiation with regards to the amount of the new guaranteed base use fee plus a percentage fee that incentivizes the management entity to generate maximum revenue potential for cruise operations, special events and parking.

Cruise Terminal Management: The new cruise operator will (i) manage all facility operations at Pier 27, Pier 35 and Piers 30-32, including terminal security and safe berthing of cruise vessels, (ii) coordinate with federal agencies to maximize efficient movement of passengers and baggage handling, (iii) provide equipment and gear necessary for cruise terminal operations, (iv) maximize a safe and efficient flow of vehicular and pedestrian traffic, and (v) employ a well-trained, certified and stable workforce with demonstrated experience in cruise operations.

Further, Metro will have to coordinate with Port staff regarding the scheduling of berth assignments in accordance with the Port policy to maximize the number of calls from

cruise vessels and other maritime vessels (including Fleet Week ships, Tall Ships, NOAA vessels, etc.). The scheduling also must be coordinated with Port staff for secondary special event uses at Pier 27 that balances the Port's maritime mission at the Cruise Terminal along with maximizing its revenue potential and utility.

Special Events Management: The new cruise operator will manage special events and coordinate a schedule to allow both cruise operations and special events at all facilities, especially Pier 27. The Bay Conservation and Development Commission (BCDC) Permit #2012-002-00 stipulates that the special events are permitted in the Pier 27 terminal building and the ground transportation area.³ Private special events are not permitted in the Northeast Wharf Plaza and the public access areas. There is permit language regarding use of the provisioning area on non-cruise days "to enliven the space, draw the public out to the (Pier 27-29) tip and provide activities or cultural events that are free of charge and open to the public" with the apparent intent that a permanent structure might be contemplated to be erected in the maritime provisioning area. Port staff will need to work with BCDC to determine what the permit conditions might be that would allow temporary public or private special events in this area when it is not used for maritime purposes. It is possible that there may be an occasional large civic event that could embrace the terminal building, the ground transportation area and the provisioning area, while maintaining the required public access areas.

Parking Management: The BCDC permit allows the ground transportation area to be used for cruise terminal operations and special events. The permit does allow for special event parking. Port staff does not envision commuter parking, but rather daily parking to support waterfront uses. Port staff intends to park on non-cruise, non-special event days because this would utilize an otherwise unused parking asset that would help bring people to the waterfront, particularly those coming to the Exploratorium, Alcatraz Landing and other destination attractions, and generate revenue (as estimated in the April 19, 2013 staff report) to the Port.

Alternative Berths: Pier 35 and Piers 30-32 will be used as secondary and tertiary berths, respectively, for cruise operations. The cruise operator will be responsible for all cruise terminal management services, including security and janitorial services, at these berths. When Pier 35 is not being used for cruise operations, there should be a determination of how to utilize the piers on an on-going basis. The Port or the cruise operator may have an ability to manage special events and parking at Pier 35. With the advent of the proposed basketball arena, it is likely that the cruise operator would be limited to only cruise terminal operations at Piers 30-32.

Security: The cruise operator will likely be responsible for providing security and maintaining security systems (including exterior lighting and security fencing) on a daily

³ BCDC Permit #2012.002.00, Page 15: "When not needed to support cruise or other maritime berthing operations, the permittee may use the cruise terminal building and/or the GTA for special events. All portions of the GTA may be used for special event support for visitor parking, staging, and work areas for caterers, entertainment, and event managers. Special events may be held for both public and private purposes in these areas, but shall be programmed and planned to ensure that the private events do not spill onto required public access areas or adversely affect these areas."

basis for the entire Pier 27 site, including the public access areas and the Northeast Wharf Plaza.

Maintenance: The Port will likely be responsible for the on-going repair of the pier substructure and fenders as well as maintenance dredging for Pier 27 and Pier 35. However, since this is a new facility, Port staff will likely assert that the cruise operator bears much of the maintenance responsibility, except in areas where Port maintenance has the ability and desire to assume specific responsibilities. Potential maintenance responsibilities (of the cruise operator or Port maintenance division or combination thereof) might include: responsibility for maintaining the physical condition--including janitorial services--of the entire deck of the Pier 27 site, including not only the terminal area, the ground transportation area, and the provisioning area, but also the public access areas and the Northeast Wharf Plaza. The plaza area will also include maintenance of a lawn and trees. It is possible that the cruise operator will assume responsibility for the maintenance of maritime equipment, including but not limited to the mobile gangway and the shoreside power installation.

The cruise operator or Port maintenance division (or combination thereof) will be responsible for the maintenance and repair of the premises including but not limited to the following equipment categories within the terminal building, as well as warranties management, as applicable, for:

- Doors, including exterior/emergency egress, sliding doors, and overhead coiling doors
- Conveyance systems, including elevators and escalators
- Plumbing systems, including but not limited to: facility plumbing fixtures, duplex sewage ejector pump, submersible pumps, water heaters, domestic water pumps, water meter, back flow preventer, rainwater harvesting treatment system
- Roof, including the siphonic roof system
- Mechanical systems, including but not limited to: air handling units, heating and ventilation units, ventilating fan units, van boxes, exhaust and supply fan systems, gravity intake relief hood, variable refrigerant volume-split system, split system heat recovery unit, air cooled condensing unit, package air conditioning unit, condensing boiler pump, heating water pump, air cooled chiller, chilled water pump, ceiling fans, controls
- Fire protection/detection systems, including but not limited to: fire smoke damper, fire protection pre-action system, fire alarm annunciator system
- Electrical systems, including but not limited to: emergency generator, lighting panels, automatic transfer switch, main switchboard switch, low voltage switchgear, low voltage enclosed circuit breaker, distribution boards, transformers
- Security system

RECOMMENDATION

The Port Commission has the discretion to authorize negotiations with the highest ranked Proposer recommended by the evaluation panel. Based on the scores of the evaluation panel, Port staff recommends that the Port Commission authorize Port staff to commence Pier 27 James R. Herman Cruise Terminal management agreement negotiations with Metro Cruise Services, LLC. The panel's decision reflects the RFP evaluation criteria and was conducted in accordance with Chapter 21 of the City's Administrative Code. Port staff will seek Port Commission direction on business terms and will return to the Port Commission for consideration of a management agreement.

In the event that Port staff and Metro cannot resolve business terms of the management agreement, then Port staff would return to the Port Commission for authorization to commence negotiations with Ports America as the second highest-ranked Proposer or to reissue the solicitation.

Prepared by: John Doll
Development Project Manager
Planning & Development

For: Byron Rhett, Deputy Director
Planning & Development

Peter Dailey, Deputy Director
Maritime

Elaine Forbes, Deputy Director
Finance & Administration

- Exhibit A: Pier 27 Site Map
- Exhibit B: RFP Goals and Objectives
- Exhibit C: RFP Scope of Work
- Exhibit D: RFP Evaluation Criteria & Scoring
- Exhibit E: Metro's Business Plan
- Exhibit F: Projected Pier 27 Revenues as Estimated by Port Staff, April 2013
- Exhibit G: Management Agreement #13652: Current Business Terms

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION No. 13-25

- WHEREAS, Section B3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and duty to use, conduct, operate, maintain, regulate and control the Port area of the City and County of San Francisco; and
- WHEREAS, The City and County of San Francisco, by and through its Port Commission, holds in trust, and subject to its lawful disposition, certain maritime facilities, including passenger terminals situated in the City and County of San Francisco, that are necessary for conducting passenger cruise operations; and
- WHEREAS, On September 16, 2006, Port staff informed the Port Commission that the Port Executive Director would appoint a Cruise Terminal Advisory Panel to recommend a long-term master plan and strategy to implement a cruise terminal project; and
- WHEREAS, On September 25, 2007, the Port Commission accepted the Cruise Terminal Advisory Panel's recommendations to develop a single-berth primary cruise terminal at Pier 27 and to implement a strategy to build this facility to meet all of the industry standards for a home port cruise terminal; and
- WHEREAS, On April 27, 2004, by Resolution No. 04-38, the Port Commission approved the Non-Exclusive Management Agreement #13652 with Metropolitan Stevedore Company for a term of five years expiring in 2009 to serve as operator and manager for passenger cruise terminal operations at Pier 35 and at other appropriate locations as required; and
- WHEREAS, On February 7, 2007, by Resolution No. 07-10, the Port Commission approved a First Amendment to the Non-Exclusive Management Agreement #13652 with Metro Cruise Services, LLC ("Metro")(successor to Metropolitan Stevedore Company) which extended the term for two additional years expiring in 2011 and specifically extended services to other facilities designated for cruise operations, such as Pier 27 and Piers 30-32, and authorized the Port Executive Director to execute additions and modifications to the First Amendment to Management Agreement #13652; and
- WHEREAS, On May 1, 2011, the Port Executive Director executed a Second Amendment to the Non-Exclusive Management Agreement #13652 between the Port and Metro for the management of the Port's cruise terminal at Pier 35 and other facilities designated for cruise

operations, which extended the expiration date of the Non-Exclusive Management Agreement #13652 to the earlier of April 30, 2015 or the date the Port commences cruise ship operations at another primary facility; and

- WHEREAS, By Resolution Nos. 11-59, 11-78 and 12-40, the Port Commission authorized Phase 1 of the James R. Herman Cruise Terminal Project so that it can be used as a special event venue by the America's Cup Event Authority in connection with the 34th America's Cup, and authorized Phase 2 so that it can be used as the Port's primary cruise terminal facility by September 2014; and
- WHEREAS, On September 11, 2011, by Resolution No. 12-66, the Port Commission authorized staff to offer to responsible parties the opportunity to provide management services upon termination of the Non-Exclusive Management Agreement #13652 for the Pier 27 James R. Herman Cruise Terminal and other Port facilities designated for cruise operations through publication of a request for proposals ("RFP"); and
- WHEREAS, The RFP was issued as a professional services solicitation under Chapter 21 of the City's Administrative Code; and
- WHEREAS, The RFP includes goals and services, a scope of work and evaluation criteria relating to the selection of a cruise terminal operator to provide management services for cruise passenger operations, vehicle parking and conference and special events; and
- WHEREAS, On February 15, 2013, the Port received two proposals in response to the RFP: Metro and Ports America (collectively, the "Proposers"); and
- WHEREAS, Consistent with the City's contracting procedures, Port staff convened an evaluation panel of five persons who were selected because of their combined expertise in cruise operations and logistics, maritime finance, and special event management; and
- WHEREAS, The evaluation panel evaluated and scored the two Proposers based on their written proposals and interviews in accordance with the RFP evaluation criteria; and
- WHEREAS, The Port Commission was not involved in the evaluation and scoring of the Proposers but has discretion to authorize negotiations with the highest ranked Proposer recommended by the evaluation panel; and

WHEREAS, After the evaluation panel completed its evaluation and scoring, each of the Proposers presented to the Port Commission and the public their respective qualifications and business plans to manage the Pier 27 James R. Herman Cruise Terminal; and

WHEREAS, Port staff recommends that the Port Commission authorize Port staff to commence negotiations for the Pier 27 James R. Herman Cruise Terminal management agreement with Metro, the highest ranked Proposer; now, therefore, be it

RESOLVED, That the Port Commission authorizes Port staff to commence negotiations of a management agreement with Metro, the highest ranked Proposer, to achieve the goals and objectives in the RFP, resolve business terms specified in the staff report; and be it further

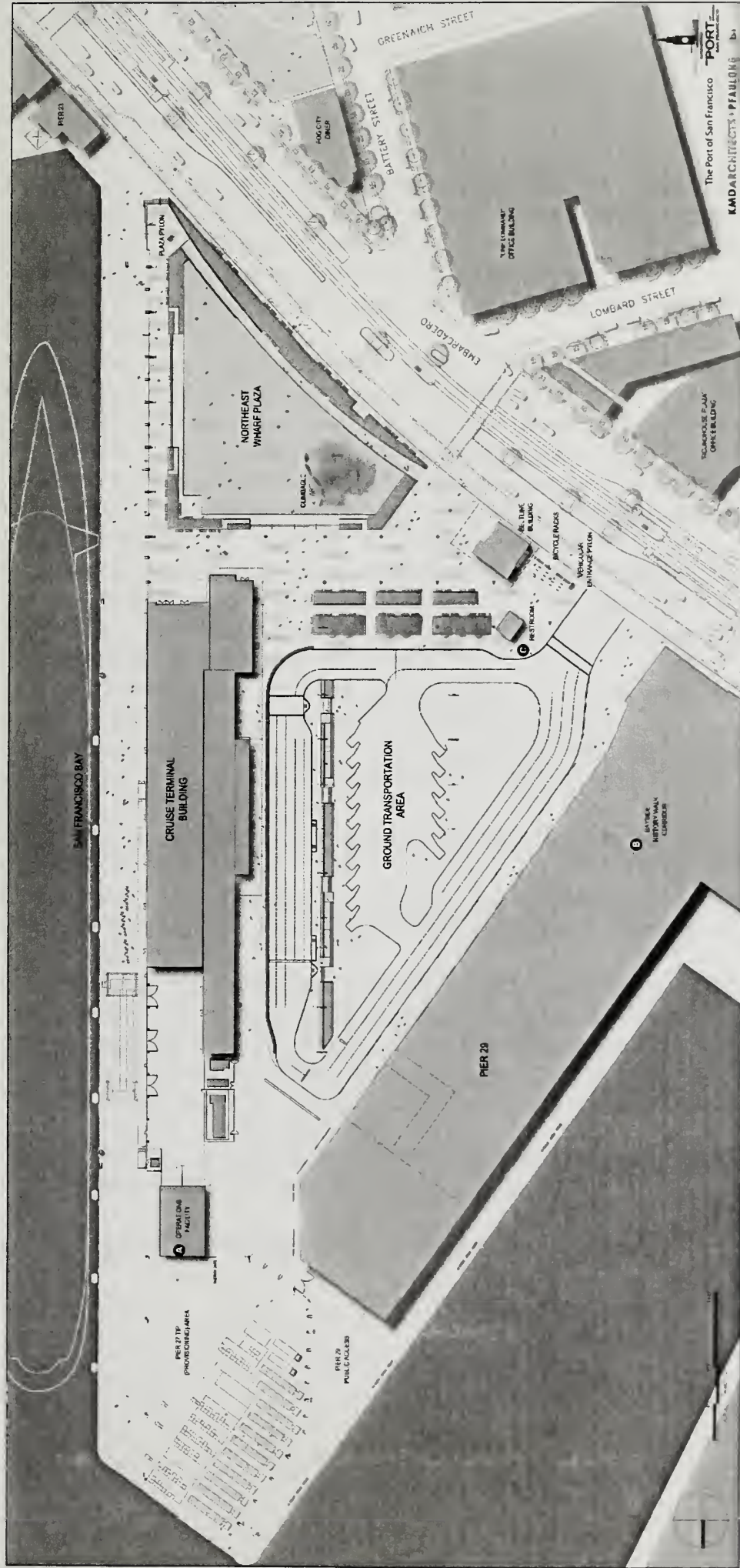
RESOLVED, In the event that Port staff and Metro cannot resolve business terms of the management agreement, the Port staff will return to the Port Commission for authorization either to commence negotiations with Ports America, the second highest-ranked Proposer, or reissue the solicitation.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of June 11, 2013.

Secretary

EXHIBIT A – Pier 27 Site Map





Pier 27 Cruise Terminal and Public Spaces

December 2012

EXHIBIT B: RFP Goals and Objectives

- Operate the Cruise Terminal as a world-class facility for cruise lines, cruise passengers, and special event participants, while minimizing operational costs and maximizing revenues to the Port;
- Operate Pier 35 and other piers as back-up cruise berths;
- Maximize the number of cruise ships and other vessels to berth at the Port of San Francisco;
- Expand the opportunity for local business and San Francisco residents to participate in the economic activity of the waterfront;
- Develop a comprehensive operating plan that provides for an efficient management and operation of the Cruise Terminal;
- Actively promote and manage the Cruise Terminal as a conference and special event venue in coordination with San Francisco Travel Association (formerly known as the City's Convention and Visitors Bureau);
- Generate revenue to the Port from terminal operations, parking and special event use (when there is no cruise ship berthing);
- Promote the Northeast Wharf Plaza as a year-round, waterfront destination to local residents and out-of-town visitors;
- Use best management practices and standards for operating Pier 27 for maritime, conference/special event, and parking uses;
- Coordinate with San Francisco Travel Association and local event planning firms to lease the Cruise Terminal for conferences, conventions, special events, catering and banquet services;
- Undertake maintenance responsibilities for the Cruise Terminal, as determined by the Port;
- Operate the Cruise Terminal with a stable and competent workforce to avoid delays or interruptions of cruise vessel operations and minimize exposure to claims of liability;
- In accordance with the Marine Transportation Security Act of 2002, as outlined in 33 Code of Federal Regulations Chapter 1, Subchapter H parts 101 through 105, conduct a facility security assessment, author and obtain a United States Coast Guard (USGC) authorized Facility Security Plan (FSP), designate a Facility Security Officer (FSO) and maintain FSP compliance and be responsible for the correction of any deficiencies and penalties;
- Comply with the Port's Environmental Policies and Programs established by Port Commission Resolution Nos. 03-39, 05-56 & 05-63.

The initial management contract term is expected to be 10 years.

EXHIBIT C – RFP Scope of Work

1. Passenger Cruise Terminal Facility Management

- a) Provide equipment and gear necessary for all cruise terminal operations;
- b) Manage all facility operations, including terminal security and safe berthing of passenger vessels;
- c) Coordinate with Federal Inspection Services to maximize rapid, convenient and efficient movement of passengers and handling of baggage;
- d) Maximize safe and efficient flow of vehicular and pedestrian traffic into and out of the Cruise Terminal, including the Ground Transportation Area, prior to and during a cruise operation;
- e) Employ and manage a well-trained, certified and stable workforce with demonstrated experience in cruise operations.

2. Vessel Operations

- a) Develop, maintain, and update a comprehensive schedule of vessel arrivals, departures, and berthing assignments and submit it to the Port quarterly in accordance with the Port's goal to maximize the number of calls from cruise vessels and other maritime vessels (including Fleet Week ships, Tall Ships, NOAA vessels, etc.);
- b) Coordinate arrivals and departures of passenger vessels and coordinate berthing assignments with vessel operators, as directed by the Port's Maritime Division;
- c) Ensure the appropriate positioning of the mobile passenger gangway for the operation of the Cruise Terminal at all times;
- d) Coordinate and attend all vessel arrivals and departures and document and inform the Port of any observed damage to pier, pilings, fender system and Cruise Terminal premises. The management entity shall take all reasonable action to recover the costs of damage to pier, pilings, fender system and Cruise Terminal premises from the cruise lines or other vessel owners;
- e) Coordinate and cooperate with the U.S. Coast Guard and all city, state and federal agencies and authorities with regulatory jurisdiction over passenger Cruise Terminal operations to provide and ensure safe transit operations, working conditions and emergency services for the protection of all passengers, dockworkers, Port employees, and visitors on Pier 27 Cruise Terminal premises.

3. Conference and Special Events Management

- a) Develop, maintain and periodically update a comprehensive schedule of non-cruise events;
- b) Schedule the proposed special events so that they will not conflict with cruise terminal operations, but maximize the revenue potential and utility of the Cruise Terminal;
- c) Develop an implementation plan to promote and coordinate special events which attract visitors as well as local and regional audiences to the waterfront. As noted above, events may include meetings, conferences and other events within the terminal, and cultural and entertainment events in the terminal and the ground transportation area;
- d) Ensure that an event organizer complete all necessary logistics to plan and stage an event.

4. Parking Management

- a) Use best management practices and standards for operating the ground transportation areas for daily (i.e., non-commuter) and special event parking when not operated as a cruise terminal facility.

5. Maintenance and Repair of Facilities and Equipment

- a) Maintain the Cruise Terminal in a neat, clean, safe and orderly condition;
- b) Retain sufficient personnel, equipment and contracted services in order to provide a level of customer service equal to, or exceeding those of, comparable cruise terminals on the U.S. West Coast;
- c) Maintain and ensure that all terminal equipment will be in excellent operational condition, including all interior fixtures, equipment (including security-screening equipment and stevedoring equipment such as forklifts, etc.) and furniture.

6. Security

- a) Develop and implement a U.S. Coast Guard-authorized Cruise Terminal Facility Security Plan (FSP) in compliance with the Marine Transportation Security Act of 2002, as outlined in 33 CFR Chapter 1 Subchapter H parts 101 through 105;
- b) During non-cruise days, the management entity shall maintain security and equipment for the Cruise Terminal, as determined by the Port. To protect the Port's capital investment and avoid service disruptions, the management entity shall hire an experienced workforce knowledgeable of cruise facilities and operations at the level determined by the Port;
- c) Provide sufficient and effective security communications equipment to facilitate security operations required at the Cruise Terminal in accordance with the provisions of the Security Plan;
- d) Provide and maintain a well-trained security workforce with experience in working cruise vessel operations and knowledgeable of maritime security requirements.

7. Administrative Services

- a) Provide sufficient personnel to manage and operate the Cruise Terminal for cruise days and non-cruise days, including custodial services for restrooms, trash removal/recycling, and window-washing;
- b) Submit an annual review of the Port payment and Cruise Terminal operating expenditures;
- c) Promote the active use of the Cruise Terminal, soliciting new business and special events for the Port;
- d) Promote and report on the economic opportunities for local businesses and San Francisco residents in the operations of the Cruise Terminal;
- e) Submit a monthly gross receipt accounting for cruise terminal, special event and parking revenue and expenditures.

Exhibit D: RFP Evaluation Criteria & Scoring

WRITTEN PROPOSAL EVALUATION CRITERIA			
	Maximum	Metro	Ports America
<u>Management Experience</u>	30	25.8	18.6
Demonstrated and verifiable experience of successful cruise terminal operations, including sound management philosophy, breadth of cruise operations, marketing plans used to promote cruise operations, extent of maintenance and repair responsibilities, and description of business terms used at the other cruise terminals	10	8.4	7.8
Demonstrated and verifiable experience of relevant conference and special events operations, including successful types of events and marketing programs used at other facilities	10	9.0	4.8
Demonstrated and verifiable experience of relevant parking operations, demonstrating flexibility and ability to operate an area as a cruise drop-off, pick-up, special events parking, and as a daily parking operation	5	4.4	2.4
Proven ability to provide the proposed management contract services, including financial capacity of the respondent	5	4.0	3.6
<u>Management Structure</u>	20	18.4	13.0
Proposed management structure that demonstrates the capacity, ability and flexibility to manage each use within the Cruise Terminal, including proposed professional qualifications of assigned staff regarding terminal operations that would be at a level of customer service equal to or exceeding those of comparable cruise terminals on the U.S. West Coast as well as special event experience, and parking operations	20	18.4	13.0

<u>Management Plan</u>	50	45.0	27.0
Proposed management plan for terminal operations, conference and special events, and parking that demonstrates how and what kind of resources will be provided to manage each of these uses. The proposal should also include: 1) responsibility for maintenance and repair of facility and equipment, 2) how security will be provided, and 3) how parking will be organized and coordinated for cruise operations, special events and non-cruise, non-special event days	30	26.4	18.0
Proposed business development plan that would attract more cruise calls and/or increased maritime activity at the Port of San Francisco	5	4.6	2.4
Proposed marketing plan for conferences and special events that would be consistent with the unique geographical location and potential uses of the Cruise Terminal facility	10	9.6	4.2
Strength and soundness of the financial plan for terminal operations, special events and parking operations. The financial plan must to include detailed operating cost and revenue assumptions for each use. This plan should include a payment structure that maximizes revenues to the Port of San Francisco	5	4.4	2.4
Subtotal	100	89.2	58.6
INTERVIEW EVALUATION CRITERIA			
<u>Management Experience</u>	30	26.0	20.8
Please provide an overview of your firm, briefly addressing your experience at other cruise terminals. What are the lessons learned that you would use to benefit the Port's operations for cruise terminal management, special event and parking coordination?	10	8.2	6.6

Provide us with your assessment of San Francisco's cruise market and the factors that will shape the market over the next 10 years. Based on your experience and understanding of the Passenger Services Act, what would your firm do to help shape future demand?	10	9.2	6.8
Based on your experience at other cruise terminals, what will be the key determinants of operating costs at Pier 27? What are the opportunities to reduce these costs? What are ways to reduce cruise operating costs at Pier 35 and Piers 30-32?	10	8.6	7.4
<u>Management Structure</u>	20	17.8	13.0
How would you specifically structure your proposed staffing to provide a level of customer satisfaction equal to or exceeding those of comparable cruise terminals on the West Coast? Please describe cruise operating costs in terms of fixed and variable (labor) costs over a 10 year period. How did you derive the estimates on a per passenger basis? What percentage of labor contributes to overall operating costs? Are there ways labor or fixed costs can be reduced?	10	9.2	5.8
Describe, in detail, how you intend to balance each of the facility's uses (i.e., cruise operations, special events, and parking) at Pier 27. How would the uses be coordinated from a management point-of-view so that there is a single point of contact with the Port of San Francisco?	5	4.2	3.4
The Port Commission has a policy of enhancing opportunities for San Francisco-based enterprises by encouraging the use of LBEs to the greatest extent possible. Elaborate on ways your firm could expand economic opportunities for both local businesses and San Francisco residents. What have you done at other cruise terminals?	5	4.4	3.8
<u>Management Plan</u>	50	46.6	34.8
How do you intend on making Pier 27 a year-round operation? In other words, describe how you will utilize this facility such that it meets the goals of the RFP.	10	9.0	6.8

What assumptions are you making for the anticipated number of cruise calls at the Port of San Francisco? How did you arrive at them? Please provide how you generated the number of calls and the factors in calculating revenue in Year 6 and/or Year 10. What are the assumptions regarding number of cruise calls and the size of ships (i.e. number of cruise passengers)?	10	9.0	7.4
What is your business plan for special events? What kind of events do you envision that would bring people to the waterfront and revenue to the Port? What might be the limitations in developing a special event business plan and how would you overcome that? How do you size up the competition for event space in San Francisco? How would you set rental fees for the types of envisioned special events? Please describe the basis for revenue dollars per event and costs per event. How did you derive these estimates?	15	14.8	10.4
How will parking be organized and coordinated depending on whether it is a cruise call, a maritime event, a non-maritime special event, or when there are no scheduled events?	5	4.8	3.4
On dates where there may be scheduling conflicts of cruise calls and special events, what steps would you consider in resolving these conflicts? Or, how would you prioritize scheduling of cruise calls with special events?	10	9.0	6.8
Subtotal	100	90.4	68.6
TOTAL	200	179.6	127.2

Exhibit E: Metro's Business Plan

1) Broaden and Diversify Market

Cruise Operations:

- Expand cruise calls by 5% annually
- Retain Princess Cruise Lines year-round business
- Pursue additional commitments from Celebrity, NCL, Crystal, P&O and Cunard
- Consider parking opportunities for cruise customers, including valet parking service
- Increase customer loyalty by conducting customer satisfaction survey process for all customers
- Execute long-term agreements with cruise customers

Special Events:

- Initiate opening events to showcase facility
- Utilize Hartmann Studios to attract customers
- Partner with SF Travel and destination management companies to book events
- Engage in a broad marketing campaign

Parking:

- Maximize parking opportunities at Pier 27 and, if permitted, Pier 35

2) Create Reliability and Cost Efficiencies

- Identify and execute Key Performance Indicators (KPIs) to further business development. KPIs include: targeted financial goals, cruise and special event client volume goals, workforce satisfaction and safety goals, and environmental goals
- Introduce annual review to indicate performance compared to KPIs and annual business alignment process to verify cruise, special event and parking operations are effectively aligned to take maximal advantage of Pier 27 and to ensure seamless transitions between cruise operations and special events
- Implement automated invoicing and incident review process improvements

3) Maintain High-Performance Workforce

- Increase workforce engagement and satisfaction by a) implementing professional development programs, b) implement employee satisfaction surveys, and c) implement specific training for personnel

Cruise Operations

Metro has proposed that customer service is the key factor that works in tandem with maintaining operation efficiencies and generating new cruise and special event markets. Customer service can be maximized by: 1) directing engagement with each client and

establishing customer service targets that meet their specific goals; 2) investing in personnel training and career development, internal incentive programs and continuous staff improvement; 3) developing value propositions based on KPIs and monitor their implementation and effectiveness; 4) engaging in regular verification of customer service with each client to ensure service is on target; and 5) ensuring all areas of service related to each cruise call are aligned and performing as required.

The marketing of the cruise operations has been primarily the responsibility of the Port's Maritime Division working in concert with Metro. As noted above, Metro proposes to partner with the Port to aggressively market Pier 27 and pursue business development opportunities with cruise lines. Metro will remain a member of the Cruise Line International Association (CLIA) and continue to participate in cruise industry forums and events, such as the Cruise Shipping Seatrade events and the CLIA Forum to promote San Francisco as a cruise port. Metro enhances the Port's marketing efforts by offering operational and commercial solutions tailored to meet specific needs of each cruise line. Metro's goal is to retain the Port's anchor tenant, Princess Cruise Lines, and to expand calls from other cruise lines.

Port staff thinks that the 5% annual growth in cruise calls is realistic in the short-term. In the past decade, the number of cruise calls has averaged 62 calls a year with an average of approximately 150,000 passengers. This year the number of calls will be 66 calls with approximately 200,000 passengers. Next year, there will be 75 calls with 250,000 passengers. While short-term expectations of Metro are realistic, it is speculative whether a 5% annual increase in the long-term.

Metro is committed to help market to additional cruise lines and to work with SF Travel to include pre- and post-cruise programs to lengthen a tourist's stay in San Francisco.

Metro proposes that the labor force for cruise operations will remain unionized in accordance with ILWU jurisdiction. The amount of labor and the number of man-hours will be comparable to current levels on cruise days. However, the characteristics of the new Pier 27 facility with its public access requirements will require additional security and maintenance workers, as negotiated in the management agreement. Metro has proposed adding these positions: 1) three new full-time (24/7) ILWU Local 75 security guards for the entire Pier 27 site, including the Northeast Wharf Plaza and the public access areas; 2) one full-time ILWU Local 34 maintenance mechanic; and one full-time ILWU Local 94 foreman.

The goal of the Pier 27 design was to make the cruise terminal operationally more efficient than Pier 35. In many ways, Port staff believes this has been accomplished since there will be efficiencies in getting passengers, luggage and provisions through the terminal and off and on cruise ships. But, because of the public access requirements requiring around the clock security, this will significantly increase the security costs to operate Pier 27. While the design of the facility should increase operational efficiency, the security—and maintenance--costs will cause Pier 27 to be a more expensive operation than Pier 35.

Special Events

Metro proposes to hire a special event manager who will be responsible to market and manage Pier 27 as an event space when it is not being used as a cruise terminal. Metro has partnered with Hartmann Studios, a local event design and production company, and together they will market and manage special events in coordination with the region's destination management companies, SF Travel Association, and the Moscone Center. Hartmann will deploy its capabilities to manage special events, from room and space design to lighting, decorating and sound and video equipment, catering, and areas of check-in, hospitality and transportation. Hartmann will be supported by Metro's capability to manage guest flow and logistics (especially to ensure a seamless transition from cruise events to special events).

The AECOM report of June 2010 described a number of special events that might use the Pier 27 cruise terminal facility. The likely, but by no means certain, uses would be:

- Convention groups may require off-site event spaces to hold receptions and special functions for subgroups of the main convention;
- Bay Area corporations to do product announcements, off-site meetings, incentive events and corporate parties;
- Bay Area universities and non-profits for fundraising events, awards, banquets, etc.;
- Private parties holding weddings, anniversaries, family reunions, etc.;
- Privately promoted consumer shows;
- Privately promoted entertainment events.

Hartmann believes that the anticipated make-up of events would roughly be: 50% corporate/tradeshows, 30% social/fundraisers, and 20% smaller public or private events. Metro's proposal included a detailed marketing plan and they anticipate that Pier 27 could be rented approximately \$30,000 for the day of the event with lower rates on set-up and tear down days.

Port staff believes that the Metro's assessment of the number, type and pricing of special events to be realistic. Pat Gallagher, a former special events executive for the San Francisco Giants Enterprises and Marine World Africa USA, has independently verified this assessment.

Special event workforce may be dependent on the type of event. A corporate or convention event may require specific labor requirements (e.g., food and beverage employees, ushers, ticket takers, traffic controllers, event attendants, stagehands, etc.) and these would likely be represented by various San Francisco unions. Metro identifies the following unions' involvement: IATSE Local 16 for special events and there may be a combination of IATSE Local 510 and the Teamsters for corporate/tradeshows.

Parking

Metro has partnered with IMPARK to operate the ground transportation area with the goal to maximize revenue during non-cruise days. Impark has proposed to outfit the

ground transportation area with automated pay stations which meet the requirements of the City's Article 22 revenue control equipment ordinance. Patrons will generally park and lock their vehicles and pay the appropriate fee to the meter. For special events, Impark will provide parking personnel depending on the time/day of the event, needs of the facility, and request of the special event organizer. Short-term parking is proposed for non-cruise, non-special event days. Impark has proposed that the parking workforce will be Teamster Local 665 union members.

Exhibit F: Projected Pier 27 Revenues as Estimated by Port Staff, April 2013

At the Port Commission's April 23, 2013 meeting, Port staff presented an Informational Presentation on Projected Port Revenues from the James R. Herman Cruise Terminal Operations. The following table was included in the April 19, 2013 staff report that accompanied the staff presentation.

Projected Port Revenues		
Assumed Cruise Calls Portwide	66	80
Assumed Passenger Facility Charge	\$ 5.00	\$ 6.00
Assumed Special Event Occupancy on Non-Cruise Days	52%	52%
Revenues	Low	High
Terminal Operating Fee	\$ 180,000	\$ 300,000
Parking Rent	654,509	548,064
Special Event Rent	1,323,673	1,108,400
Gross Rent Revenues	2,158,182	1,956,464
Less New Maintenance Obligations (Parks, Public Access, and Building Exterior)	(1,000,000)	(500,000)
Net Rent Revenues from Terminal Operator	1,158,182	1,456,464
Passenger Facility Charge (charged per passenger)	836,000	1,216,000
Wharfage (charged per passenger)	2,122,959	2,573,284
Dockage (charged per ship per day)	167,118	202,568
Revenues from Cruise Lines	3,126,078	3,991,852
Total Annual Port Revenue	4,284,260	5,448,316
Less Debt Service	(3,540,000)	(3,540,000)
Less Dredging	(1,235,000)	(1,235,000)
Less Security	(120,000)	(145,455)
Net Revenue from Pier 27	\$ (610,740)	\$ 527,861

The table above assumes that the current annual number of cruise calls of 66 and passenger traffic of 210,000 remain constant, Port staff estimates the James R. Herman Cruise Terminal will generate \$4.3 million in Port revenue including (a) \$3.1 million in wharfage, dockage, and passenger facility charges paid by the cruise lines directly to the Port, (b) \$2.2 million in special event, parking and rent revenue paid by the terminal operator less (c) \$1 million in new terminal operator obligations to maintain the building exterior, public access and park areas around the terminal. After factoring in ongoing costs of debt service, dredging and security, net revenue to the Port is estimated conservatively at a loss of \$611,000 per year. This revenue represents Net Revenues from Pier 27 to the Port in the low revenue scenario, presented in the table below. The high revenue scenario below, showing an annual surplus of \$ 528,000, assumes a higher passenger facility charge, increased cruise calls, a higher terminal operating fee and lower maintenance expenses.

Exhibit G: Management Agreement #13652: Current Business Terms

To provide a context of what may be negotiated in the new Pier 27 Cruise Terminal management agreement, the following is a brief summary of the services provided under the current agreement:

Facility Management

Metro is responsible for Pier 35 which includes:

- Servicing vessels
- Embarkation/disembarkation of passengers
- Handling, loading, discharging, storage, transporting and delivery of cargo and stores in connection with vessels
- Baggage handling
- Maintenance of passenger waiting/lounge areas and restrooms
- Pier janitorial services in advance, during and after any ship operation
- Office and gear space
- Security

Port also requires Metro to handle cruise ships at locations other than Pier 35. The responsibilities at alternative berths (such as Pier 27 and Piers 30-32) are shared between the Port and Metro with regard to the shelter, fencing, lighting, fixtures/amenities and signage.

Metro is able to use Pier 35 for secondary uses, such as private and public parties and receptions and other private and public gatherings, with approval by the Port.

Revenue

Under the management agreement, Port is responsible to collect all tariff revenues from the cruise lines.

Metro pays an annual use fee of \$180,000 to the Port. It includes annual use adjustments and there are operating bonus payments if there are over 90 cruise calls. In addition, there is a secondary use fee equal to 50% of all amounts received by Metro. Secondary uses include: trade shows, exhibitions, parties/receptions and other special events, parking and other use or concession agreement with third parties.

Maintenance and Repair Obligations

The current management agreement stipulates that Metro shall keep the Pier 35 facility in a "neat, clean, safe and orderly condition, wear and tear excepted." Generally, Metro is obligated to maintain and repair the following areas of Pier 35:

- Interior wall surfaces and ceilings
- Glazing: storefront, arrivals area, shed structure, excluding skylights
- Interior and exterior lighting
- Floor coverings

- Roll-up doors
- Rest rooms
- Fencing, gates and doors
- Electrical systems, including meters, hoists
- Heating, ventilation and air conditioning
- Telephone and data lines
- Fire extinguishers, fire hoses
- Fire and security alarms
- Plumbing above pier deck surface
- Vessel schedule boards
- Close circuit television and access control systems
- Modular barricades: queue simulation, rhino and free-standing barrier walls
- Interior office spaces

Under the current management agreement, the Port is obligated to maintain and repair the following areas of Pier 35:

- Dredging to a depth of up to 35 feet
- Fender systems
- Shed structure, including roof, skylights, windows, walls, ceilings, column and trusses, gutters and downspouts
- Painting and preservation of interior and exterior surfaces
- Paving, exterior only
- Plumbing, below pier deck surface
- Pier structure, including piles, beams, surface
- Sprinkler system
- Elevators and escalators

Pier 35 is intrinsically different than Pier 27 in that the latter is a new facility on a site that includes the Northeast Wharf Plaza and public access areas, a ground transportation area and a provisioning area. Also, while cruise terminal operation is the primary use at Pier 27, there is anticipated to be a significant number of non-cruise, special events.



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**JUNE 11, 2013
MINUTES OF THE MEETING**

**MEMBERS, PORT COMMISSION
HON. DOREEN WOO HO, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. WILLIE ADAMS
HON. LESLIE KATZ
HON. MEL MURPHY**

**MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY**

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING JUNE 11, 2013

1. CALL TO ORDER / ROLL CALL

Port Commission President Doreen Woo Ho called the meeting to order at 2:05 p.m. The following Commissioners were present: Doreen Woo Ho, Kimberly Brandon, Willie Adams and Mel Murphy. Commissioner Leslie Katz arrived at 2:15 p.m.

2. APPROVAL OF MINUTES – May 28, 2013

ACTION: Commissioner Brandon moved approval of the minutes; Commissioner Adams seconded the motion. All of the Commissioners were in favor. The minutes of the May 28, 2013 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session.

ACTION: Commissioner Brandon moved approval; Commissioner Adams seconded the motion. All of the Commissioners were in favor.

At 2:06 p.m., the Commission withdrew to executive session to discuss the following matters:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER

- a. Discuss existing litigation matter pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d): (Discussion Item)
 - *Ferry Building Investors, LLC and Ferry Building Associates, LLC v. San Francisco Port Commission; Board of Supervisors of the City and County of San Francisco, et al.*; Superior Court of California, County of San Francisco (Case No. CPF 12-512355), filed July 20, 2012.

(2) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. *This session is closed to any non-City/Port representative:

- a. Property: 295 Terry Francois adjacent to Pier 48

Person Negotiating: Port: Susan Reynolds, Real Estate Director

*Negotiating Party: East Street SF: John Cain

- b. Property: Piers 30/32 and Seawall Lot 330

Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development and Brad Benson, Special Projects Manager

OEWD: Jennifer Matz

*Negotiating Party: Golden State Warriors and GSW Arena LLC: Rick Welts, Ellen Warner, Jesse Blout, Michael Cohen

5. RECONVENE IN OPEN SESSION

At 3:35 p.m., the Port Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Brandon moved approval to adjourn closed session and reconvene in open session. Commissioner Katz seconded the motion. All of the Commissioners were in favor.

6. PLEDGE OF ALLEGIANCE

7. ANNOUNCEMENTS – The Commission Secretary announced the following:

- A. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting: Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.
- B. Announcement of Time Allotment for Public Comments: Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

8. PUBLIC COMMENT PERIOD ON ITEMS NOT LISTED ON THE AGENDA

James A. Bryant - I'm a western region director of the A. Philip Randolph Institute. I wanted to mention to the commission that I have a small concern about a request that you may be moving forward i.e. Port's youth employment program. I want to bring that to your attention because I am hopeful that, with a community like the Bayview Hunter's Point, that we're going to be more connected to opportunities that this particular opportunity will provide. I have talked to the director so that you all are aware that I'm having a conversation prior to this meeting. I wanted to make sure that you all are aware that, with a community that has unemployment for kids from 17 to 24 almost 60 percent, this is imperative that the Port and the Bayview Hunter's Point community are specifically part of this process. This is a process that is a win-win. I know that the bids have gone out. We're not talking about trying to impede on a

process that's already started or maybe headed down the final road but we are bringing this to your attention because it is the Port Commission's responsibility to make sure that any city funds are going to get to the most effective citizens. Obviously, the Port serves a big part of the southeast part of the city, which is one of the parts of the city that is quite affected. Not to in any way downgrade the winners of the bid, but in consideration of a bid that's going to be over a million dollars, our community needs a part of the process, at least the part that makes sure that these kids who are unemployed and have no opportunities will get some. Thank you for listening to me today.

Francisco Da Costa - I'm here to state very clearly that each of you commissioners, however you are appointed, should represent the city in a fair and equitable manner. I'm going to start with the 150th celebration of the Port's history. People have come here many times and in good faith bring to your attention about how they contributed in whatever way to the building of this port, including the longshoremen. I have seen Mike with some of his friends. They do and have done a great service to the Embarcadero and to the shipping industry. When we had the 150th anniversary, I attended one of the commission meetings just like this. I did not hear too much about the contribution of the blacks here on the Embarcadero, which is a fact. We need jobs. We are not begging for jobs. We need jobs given to all San Franciscans because San Franciscans and I'm talking about diversity, contributed to the making of this area, the 7.5 miles which is public trust land. The public trust land belongs to all of California. Someone from San Diego can come here and ask you whatever they want to ask you. You have every right to give them the right type of information. That's what public trust land is. I'm here to state very clearly that there is much to be done in the representation. There is much to be done in the history not only of the blacks, not only of the Chinese, not only of the Irish, not only of the longshoremen who laid their lives but of everybody who contributed to this 7.5-mile area. When the developers come, of course they have to make a lot of money but the developers need an orientation in what's called community benefits. If somebody cannot give them that type of orientation, I can give it to them for free.

Commissioner Brandon - I would just like to request through the chair if we can get an update on our youth employment program and what demographics we're serving and how it's working because I do not know that, when we were discussing awarding the contract, we had some concerns with the administrative costs versus how much was going towards the youth. It would be great if we can get an update.

Monique Moyer - Absolutely. It's on your forward calendar, but it's a work in progress. I'll put it under new business.

Commissioner Adams - I appreciate both parties coming forth. All the commissioners here represent every citizen in San Francisco. This is the forum to come to say what you feel, what you like, what you don't like. If it's something that we can work on, we'll do it. This commission is a hands-on commission so we're committed. We ask questions among ourselves. We talk in closed session. We work with the staff. We're doing everything possible. A lot of times, things are happening but I do know that we're committed to helping every citizen here in San Francisco. Just know that, any

time you want to come and hit that microphone, you can't hurt my feelings. I didn't go to college. I came from the streets. I'm just a real, working-class guy. This is the forum to come. This commission will listen. We'll take it back. If there's ways that we can improve things, we will. I appreciate you coming out and speaking your mind.

Commissioner Brandon - I appreciate you bringing that to my attention that it's on the board calendar, Monique. Do we have a summer youth program in place?

Monique Moyer – As you may recall from the last presentation, this is a solicitation that we've had underway to get our youth workforce employment system for this fiscal year done. It's been stalled in part because of the issues you just referenced. I don't want to say too much because it's not a calendared item but we're hopeful that we were going to bring the item back to you with those answers to those questions from the previous meeting. We're close, but it's been frankly more a matter of getting everybody in the room and getting it done.

9. EXECUTIVE

A. Executive Director's Report

Monique Moyer, Executive Director - First and foremost, welcome everybody to the Port Commission today. Hopefully, you got a chance to enjoy the waterfront on your way in today. It is pretty amazing there today. It is the first, at least in my house, official day of summer vacation.

It was so gratifying to see all of the people from here south as far as I could see and north as far as I could see out enjoying our waterfront, having all the groups of school age children. I saw grandparents taking toddlers presumably up the waterfront to somewhere fun. My own family was feasting on hamburgers downstairs. I bring that all up to just say thank you to everyone in this room because all of you have had a part in it for helping the vision that we've long strived for really come to life and for giving up a beautiful summer day to be inside here with us with the curtains closed, which is sort of a bummer but very happy about that.

Secondly, I wanted to point out to the public but it's been so well received so far that this is the first attempt we've had at moving the public comment item to the front of the agenda so that you didn't have to wait for the next couple of items, which could take several hours, to comment in public. The city doesn't usually do it that way, but other agencies do. I'm very pleased that both the speakers availed themselves of the opportunity, and we could have a good conversation to the extent provided by the noticing. So glad you noticed that.

Thirdly, hot off the press, the Board of Supervisors have unanimously approved the Pier 70 term sheet on a vote of 11 to zero within the last hour. I'm very pleased to report that.

- Jefferson Streetscape Improvement Project Ribbon Cutting Ceremony – June 20, 2013 at 12 p.m. @ Jefferson/Leavenworth Streets, Fisherman's Wharf

Continuing on with the celebrations, we are working jointly with several partners led by the city's department of planning and the city's department of public works in redoing Jefferson Street into what's called the Jefferson Street public realm. We are actually coming to the end of that project. I don't know how many of you have been able to get up through Jefferson Street. Despite the construction, it is looking really great. There will be a ribbon cutting on June 20, 2013 at 12 p.m. I hope those of you that want to can come out and celebrate with us. We expect to have 40,000 to 75,000 people visiting Jefferson Street per day as part of the Fisherman's Wharf community. They will have a much more grand area to be pedestrians or be bicyclists. There will be a narrower attribute for cars. The trolleys will still be able to get up into Jefferson Street. We are really excited about that. We want to thank all of our partners in Fisherman's Wharf particularly who have put up with the construction and helped us to get this far. We're looking forward to finding the money for phase II. My kudos to Dan Hodapp and others for seeing this through to reality and especially the leadership of the department of city planning and the department of public works. Again, the ribbon cutting ceremony will take place on June 20, 2013 at 12 p.m. at the corner of Jefferson and Leavenworth Streets. You won't be able to miss it because it's got the really cool pavement as well as the people who will be dressed as trees apparently.

- Port sponsorship of Bayview's Third on 3rd Street celebration - June 20, 2013 5:30 to 8:00 p.m.

I'd like to announce that there is something new happening on Third Street called Third on 3rd, which is a community-based, community-wide art celebration. Third on 3rd is to represent the third Thursday of the month on Third Street, sort of a street festival. This one will be happening also on June 20, 2013 so we should just make June 20th a day of celebration. It will be occurring from 5:30 to 8 p.m. on Third Street, feature of myriad of activities for everyone, things like six new art murals from local artists, pop-up galleries, outdoor performances, kid zones, food vendors. This will shine a spotlight on the Bayview's cultural offerings and helps identify the Third Street corridor as a lively destination for great food and art. Thanks to Commissioner Brandon for getting us involved in that and David Beaupre for finding some money to make it happen. We're pleased to be a partner.

- Port to host Central and Northern California Ocean Observing System's Governing Council Meeting – July 16, 2013 at 8 a.m. at Pier 1

A little more esoterically, we are honored to be hosting the governing council of something called the Central and Northern California Ocean Observing System. This is not a public meeting, but we wanted to bring it to your attention because it is a great honor to be hosting their governing board. The Central and Northern California Ocean Observing System is part of a federal program observing the oceans, the bays and the rivers and seeing what we can learn from them so that we can all be better stewards of those resources. They do a lot of great things to make sure that maintaining our oceans and our waterways are a national priority and that the changing conditions are enhancing our ability as decision makers. The northern and central portion runs from just shy of San Luis Obispo at Point Conception all the way up to the California-Oregon border. Their governing board will be meeting in our offices on July 16, 2013. I wish it were open to the public. Jay Ach, who brought this to our attention, sent me a note saying that the web site is a science geek's delight. I had to go on there and check it out and it really is very cool. If you surf or if you want to sail or anything like that, you can immediately find out the water depth, the water temperature, the water tides, where there might be a buoy you could care about. We're very pleased that they'll be coming here to San Francisco, be able to look out on the bay as they hold their meeting.

- ILWU Dispatcher Articles regarding the Port of San Francisco

I wanted to say a special thank you to Commissioner Adams and the communications director, Craig Merrilees, and editor Roy San Filippo of the *ILWU Dispatcher*. The last two months, the *ILWU Dispatcher*, which looks like this, has been covering the Port of San Francisco. The April edition covered Commissioner Adams' trip with Port staff to China to seek new business. The May edition covered the Port's 150th celebration. We really appreciate, Commissioner Adams' bringing all of this news out to some of our partners at the ILWU and giving us an opportunity to celebrate and to share with them the celebration and, with Francisco and others, it was, as I've said before, a great day.

Commissioner Adams - I want to acknowledge Brother Mike Villeggiante and Local 10 and the drill team because they participated in that.

Monique Moyer - Mike looks great in the picture. That was great fun to have the drill team. They were really, tremendous.

- 34th America's Cup Opening with 2013 Louis Vuitton Cup Races in San Francisco and People Plan Update – July 4 to August 30, 2013

Next is the opening of the 34th America's Cup events, which are scheduled to kick off with the opening ceremonies on the afternoon of July 4th. On July 5th, there will be an opening series of the Louis Vuitton Cup, which will be the first event. Then, on July 7th the first actual racing will take place. It's a round

robin between Emirates Team New Zealand and Luna Rosa, which will occur at 12:15 in the afternoon. You may have just seen that there was an announcement by Artemis Racing that, despite the tragedy, they are going to stay in the competition. We feel honored by their decision. I'm sure it was a very difficult one. As a result, they are going to need a little bit more time to come up to speed. Fortunately, there were a lot of extra days for racing in both July and August. The event authority has said that they will be moving some of these round robin races around to allow Artemis to get back in at the end of July or August whenever they deem that they are ready. Artemis, as of today, doesn't know how soon they'll be ready. The event authority is not able to be as precise as they would like to be. We're very pleased to be able to move forward. We're looking forward to the opening event. We're looking forward to being able to host our international visitors and domestic visitors for the events.

To that end, I wanted to invite Carli Paine to give a little update on the people plan. Carli is the TDM project manager for sustainable street strategic planning and policy, urban planning initiatives for the San Francisco Municipal Transportation Authority, also known as the traffic geek.

Carli Paine - Thank you so much for having me. It's a pleasure to be here. I'm Carli Paine from SFMTA and I'm one of the planners who has been working on the people plan. I'm here today to give you an update on the transportation elements of the city's preparation for the America's Cup events this summer. You, no doubt, have heard a lot from our agency over the last year and a half.

This year, we are updating the people plan for the 2013 events. The basics, so you know, are staying fairly the same. There are some key changes this year. We're working off of the same goals. We're building on last year's successes. We are revising and refining as appropriate and definitely based on input that we heard from our partner agencies and community stakeholders. The key goals continue to be the same or the guiding principles.

Number one for us is always public safety, making sure that all users of our transportation system are safe and accounted for. Resource efficiency is the second. We want to make sure the environmental sustainability is adhered to.

Strategic adaptability is a critical one. As you just heard, the schedule is changing even now. Our plans are designed to be able to shrink and grow as needed both in terms of the different demands that are projected throughout the scheduled events as well as moment to moment, making sure that we have plans and a structure to respond to changing needs even on a day that we have a specific plan.

Finally, we want to make sure that all of this work is successful for the events but also is laying the groundwork for a positive legacy for the city to explore challenges that we may not have taken on previously and to lay paths forward for longer-term improvements for all of us.

The key differences in this year's events are site and venue changes. Last year, the primary viewing locations and activity locations were at Marina Green. This year, they're both at Marina Green and at Piers 27 and 29. We also now have a special events team in place.

This is a strategy that was put in place in advance of the very large October 6 and 7, 2012 weekend and has turned out to be really critical and is now actually one of the positive legacies that we've already incorporated and institutionalized at the SFMTA to handle large events and be involved in the planning and on the ground to respond to needs and demands as they arise throughout events.

While in 2012 there were two real peak weekends and one of which was very big, this year we are having three months of sustained activity. Some of the events are what we will consider peak, but no days will be as big as October 6 and 7 were this past year.

As you may recall, that weekend we had not only the America's Cup events but also Fleet Week and Giants playoffs, 49ers game, many things happening all within the same area of the waterfront. We just don't anticipate that kind of intensity this year.

The people plan lays out a series of strategies that can grow or shrink. We are working right now with the America's Cup Event Authority to identify light, medium and peak days and scenarios for services that would correspond with each of those so that we can at least prospectively try and get a handle on level of service that we need.

Additional key differences from last year is that there are a number of improvements that are in place that were not necessarily designed for the America's Cup but will help us ensure that people are able to walk and bike and take transit successfully to America's Cup.

As you know, the Jefferson Public Realm first phase is about to be completed. That will enable great walking to Aquatic Park, Fort Mason and Marina Green path is underway and that's multi-modal.

The Brannan Street Wharf will be an excellent place to watch the boats go in and out of the water. The Pier 43 promenade will enable viewers and visitors to see the bay from the waterside. There are new pedestrian improvements at Green and Embarcadero, which will make important, safe crossing near the Exploratorium.

We have done some infrastructure improvements along the E-line switches and other kinds of minor fixes that will help the E-line work more successfully and bike sharing will be launching in August.

In updating the people plan, we've also looked at enhanced transit. Learning from last year, we'll be running the E-line on specific days. We also have a shuttle-type service between the marina and Piers 27-29. This is very much like the 30X service with a little couple of tweaks.

There's also going to be a marina market shuttle, which is similar to our 47 express service. Then, we'll have extra F-line service, which we're calling the Market Piers 27-29 shuttle. We've been working with our regional partners on additional service.

Golden Gate Transit is adding the option of local service so picking up and dropping off within San Francisco, which they traditionally don't do on the 4 and 10 lines. PresidiGo, which is the shuttle service that the Presidio Trust runs, they're also adding local service.

We've been working with our ferry partners as well as BART and Caltrain to be ready and work with their schedules to add additional service as necessary. Part of the adaptability is having those relationships and being in communication so if and when the need arises, they can step up and help out. We are taking accessibility seriously, as always. We are working with the America's Cup Event Authority on site planning, ensuring that not only are we paying attention to accessible drop offs for people with disabilities but also, once they're dropped off, do they have a clear path of travel to the event sites? We're working with our partners at the Port to identify some Paratransit and taxi stands that would be pilots near the Ferry Building and at key locations up and down the Embarcadero.

This will give us good information that could be a legacy. We have identified satellite parking as well as key parking accommodations for disabled-parking-placard-bearing vehicles. We're working with the accessibility planners, the bike planners, the taxi services folks to make sure that we're getting out in front of any kind of multi-modal conflicts and preventing those as we're looking at all of the demands on curb space.

This year's pedestrian and bicycle program built on last year's. Last year, we had a temporary way-finding program that was up for the few weekends. We've designed and are in production right now of an even better and semi-permanent way-finding signage, one set for bicycles and one set for pedestrians that have distances and times for bikes and then just estimated walking times for pedestrians.

There's a map on this slide that shows generally where they are. We have a backbone hub, a backbone of signage along the waterfront. We have

signage at the America's Cup event activity centers and around transit. Those should be up by July 1, 2013.

We're still in the process of developing a temporary bike facility for along the waterfront. What I can tell you is that we know, at this point, it's likely to be something that would be in place in September only. That is the peak of the peak.

The questions now are, would it be up just on weekends? Would it be up on weekends and the week in between the two key weekends? Would it be one way or two way? All of that is still being evaluated. There are major resource implications with all of those. Your executive director did share with me your interest in seeing one way bike ways on both northbound and southbound. I've shared that with our bike-planning colleagues for their consideration. Additionally, bike sharing will be in place. Park Wide is already in place. There will be valet bike parking both at Marina Green and at the Piers 27 and 29 locations.

We're also doing a lot to make sure that all of these strategies that are in place are well understood and communicated to visitors. We are developing maps and brochures and working with the hotel and visitor industry to make sure that visitors know about all of these great sustainable transportation options.

We are working with the region on a special 511 America's Cup page. We'll have a transit page, a walking and biking page, a satellite parking page for those people who must or decide to drive, to make sure that they're parking in strategic locations and accessibility page.

We have a whole host of ambassadors. We're working with the SFMTA ambassadors and the America's Cup ambassadors to make sure they're all cross trained on transportation issues and can keep people safe and going to the right places.

Finally, some lessons learned from last year that we're planning this year and moving forward. Engaging partners in advance, making sure that there's ample time for input and review, that it's not just a local issue.

Even though all of these events are happening in San Francisco, we have regional partners that we have been working with very closely, also private and public and community. We've used the people plan to inform the environmental review. That's a strategy we're using in other projects too. That's already a legacy for us. We're using pilot projects to test effectiveness. I already mentioned the special events team and how that's been successful. We're already seeing the experiences with the America's Cup leading to legacy strategies in our planning.

For instance, SFMTA is partnering with the Port on a proposal to MTC, the regional transportation planning and funding agency, for some planning funds to evaluate transportation strategies along the Embarcadero that will include some kind of bicycle access.

On your forward calendar is an item of the waterfront transportation assessment, which is taking a lot of the information and strategies that have come up in the people plan development process and looking at, how do we apply these needs and the strategies that we've tested out to longer-term transportation demand and development along the waterfront?

Monique Moyer - I just wanted to recognize and thank Commissioner Katz for the idea to have this item and you, Carli, for coming today. Earlier, I neglected to say a special thanks to Jay Edwards and Rip Malloy for their work on the Jefferson Street Realm.

Commissioner Katz - A couple questions. Thank you for presenting and also thank you for acknowledging that it would make sense to have bi-directional lanes so the people don't ride their bikes one way and not have a way to get back safely. Hopefully, we can see the return trip incorporated. Last time, we didn't really start the Embarcadero lanes until the Ferry Building. This time, since everything has been spread out and moved back, will we be able to start it at Caltrain?

Carli Paine – Thank you for asking that. I did omit that. What's being considered right now is from Washington to Piers 27-29 only.

Commissioner Katz - So there will be the ability to adjust as we look at days, obviously, the schedule is changing literally as we speak with adjustments in the Louis Vuitton challenge. What factors will go in? Or how quickly can we adjust if we get alerted to potential need for expanding efforts of putting some other action items into place rapidly?

Carli Paine - We have the capacity to shift resources in a moment-by-moment basis. For instance, last year on the big October 6th and 7th weekend, we had several enhanced transit lines in service. It turned out one of them was really being used heavily. One of the others wasn't. Because we had people on the ground and great communications and key point people who were authorized to make decisions, we quickly reallocated vehicles to go onto the line that was being used very heavily. We can do that. It was seamless to users and customers. We do have that capacity.

Commissioner Katz - I don't think we'll ever quite see the October 6th-7th event as much as I'm hoping that we'll see the Giants back in the hunt for the World Series again this year. The America's Cup is a little earlier than that. Are there any other foreseeable big multi-event days at this juncture?

Carli Paine - We have looked at the overlap of other large events. As far as I know, there is nothing that has raised a major red flag for us that's going to be as big or even causing us to get anxious.

Commissioner Katz - Last time, for the challenge races or the World Series, a lot of the activity was concentrated in one spot. There's a focal point at least for the races. This time, much of it will be spread out from Marina Green all the way to Pier 27 and then probably some of it down to even Piers 30-32. My sense and this is just again without great knowledge but given that we're expecting a significantly larger crowd to come to watch the races and they'll be spread out all along the waterfront, have we thought about that and made some adjustments for that in the public transit?

Carli Paine - One of the challenges this year that's different from last year is providing service between Piers 27-29 and Marina Green. We're working with Golden Gate Transit, their lines will be key to providing that connection. We've negotiated the ability for them to drop off and pick up. The challenge on us and on them is to be able to effectively communicate to people that service is available. We're working with them and with our respective communications departments and media outreach teams to make sure that's clear. The F-line shuttle is also going to be a critical component but we're hoping a lot of people will walk and bike as well. What we saw last year and we've seen on Fourth of July and other events is that, if it's nice like today, people will walk. It's a beautiful place to walk.

Commissioner Katz - If we want them to bike, I guess going back to just running it from Washington Street, what is the thinking? Is there a way of expanding it? Because it seems to me, if people are taking Caltrain in or even coming in on BART or muni with their bikes, it's not easy to get over to Washington at that juncture.

Carli Paine - The thinking and I will be happy to follow up with you and with more information from our bike planners for any details that I can't speak to is that, given all of the other competing needs for the Embarcadero and roadway space, that this is the piece that can be done safely and within the kind of design work that is possible right now. I'm going to get back to you with more details through your director to answer that because I don't think that was a super satisfactory answer.

Commissioner Katz - Again, last year, we had the World Series. This time, the Louis Vuitton challenge in theory will attract even more people to the races. Do we have or have we been working with the event authority to get a better sense of how many people will be coming to those?

Carli Paine - Yes. They've given us updated numbers. I'm going to defer to Jane Sullivan, who is in the audience.

Jane Sullivan, Office of Economic and Workforce Development - Yes. We'll probably be in receipt of new numbers very shortly. The original estimates have been about three million. They came down to about two million. This is in addition to our normal visitor load so we'll hear that soon.

Commissioner Katz - Given that they're now compacting the Louis Vuitton challenges into probably more likely in August, it may be that we'll see different numbers for those races than we would have if it had been spread out all throughout July and August. We may want to just incorporate that in some of our thinking.

Jane Sullivan - We'll be working closely with them all. We will have real data at the end of all of this so that we can match our projections up with reality at the end and we'll share that with all of you.

Commissioner Murphy - Is that two million a day? Is that what I'm hearing?

Jane Sullivan - Over the course of the three months of the summer. San Francisco has about four to six million visitors anyway in the summer so it is a significant jump.

Commissioner Woo Ho - I'm going to start kind of at the higher level and go down a little bit. Jane answered in terms of the projection but I would be curious to know, during the last World Series particularly in the October peak, how many people were we experiencing just that weekend? What's the estimate that we thought that we had attracted in the city for the various things, not just America's Cup? Do we have any idea?

Carli Paine - I don't know but I am sure someone knows, and I can get that for you also.

Commissioner Woo Ho - Because I see this actually at three different levels. You mentioned: the local, which is people in San Francisco; the regional level, people coming from around the bay; and I would think, with the Louis Vuitton and the finals, the mix of out-of-town visitors who don't live in the Bay Area is going to be much higher than previous events because this is kind of like the crescendo moment. I'd like to know whether we know out of the enhanced transit that you mentioned, the Golden Gate bus, the Presidio, WETA, BART, how much was that used? Do we know the percentage of usage that went up during the peak days like October 6th and 7th?

Carli Paine - We do know that it's hard to parse out what was attributable to America's Cup versus everything else that was going on. We know that BART had one of their highest ridership days in their history. We heard reports from the ferries that they had higher ridership than normal. Again, I can follow up with some more specific numbers. We had definitely bump in ridership on those lines that were specifically serving the waterfront.

Commissioner Woo Ho - Just to mention, the only other thing that I know that weekend is the 49ers' opening season game on Sunday so they will be not necessarily going to the specific area of the America's Cup but there will be, as we know, anytime there's a game at Candlestick, traffic in terms of north south gets backed up. Somehow, that is going to impact whatever happens because that game is going to start at 4:25 in the afternoon. I think you'd want to factor that in for that weekend because that will be the opening weekend for the finals. My other question was, given that we do think there's going to be more out-of-town visitors, I hear and I see your shuttle from Market Street to Marina but what about Union Square? Are the private operators going to have shuttle services? These are people who may or may not know how to use local transit. Of course, they could ask their hotel concierge but are there going to be other shuttles that just go direct from somewhere that most tourists accumulate and that just go directly either to the Marina Green or somewhere on the Embarcadero? Is that being thought through? I think the usage demand is going to be different than what we've seen in the past.

Carli Paine - So two parts to that. One is that the America's Cup Event Authority is running some shuttles themselves that they are operating and charging for. They're keeping us informed about them. I don't think that their service routes are firmed up yet. They're primarily looking at people who are from out of town who would want a more comfortable shuttle type thing.

Commissioner Woo Ho - Yes. I'm aware that there's a VIP service. I'm just talking about the average tourist who happens to be here staying around Union Square or some other area that need to get somewhere. They have very customized service, but that's for a very small group of people.

Carli Paine - Then, our transit service, the Marina Piers 27-29 shuttle that's a variation on the 30X, I believe that there's been some conversation about kind of looping into Union Square. I can confirm that to you. The other part is we've been working with SF Travel and the hotel council on the communication strategy and making sure that their concierges have all of the information, that they know how to direct people who are not familiar with our system and certainly not familiar with these special services to use them. Also our ambassadors will be out. America's Cup ambassadors are going to be throughout these very highly visitor-populated neighborhoods, like Union Square, to help people find their way to the America's Cup. Part of it will be just human communication.

Commissioner Woo Ho - I think you did mention satellite parking. Satellite parking might be far away. So hopefully, there is some thought about how people go from satellite parking to the various venues to watch.

Carli Paine - So the satellite parking that we have identified, similar to last year, are parking structures that are not immediately against the waterfront because we want to make sure that people who drive are not getting caught up in a lot of congestion and causing a lot of congestion but that are either close enough to

walk or are adjacent to one of the transit lines. For instance, we've been working with UCSF at Mission Bay. They've agreed that we can say this will be satellite parking for America's Cup. You hop on the metro there and go out.

Commissioner Woo Ho -Well, that was my personal experience during the last World Series. I drove around for over an hour and couldn't find parking. If you know where to park, you have to have some way of getting there.

Commissioner Katz - One other question if I could just add to my comments earlier. Because we were talking about establishing lanes for bicycling, I would encourage our staff to work with SFMTA to view this as a pilot for some of the opportunities that we might have for creating bike lanes along the Embarcadero, encouraging that because from the numbers that I've seen, it looked like it was very successful encouraging people to take their bicycles.

I saw the bicycle parking that was provided for free on Marina Green that seemed to fill up pretty well. I think this is a great opportunity for all of us to look at this as a pilot for how we may want to expand bicycling lanes or restripe them, as the case may be, to encourage use along the Embarcadero.

Commissioner Brandon - Thank you so much for this presentation. A lot of work has gone into this. You've done a lot of good planning. I just have one question. That is, as far as the local community and how people who live and work in this area are going to get around the city during this time and if there's going to be enhanced local transit along with this. How will people know when this is happening?

Carli Paine - So several questions there. First, will there be local enhanced transit. The transit services that we've designed are intended to build on our existing transit lines. If somebody is waiting for a 47X and our special shuttle comes and it's bringing them where they want, all the better. For them, it's just a bus that comes instead of, in 10 minutes, it comes five minutes earlier. The intention is that the local San Francisco population does not feel a drain in transit service so that, if you're nowhere near the waterfront, your bus is still coming when you expect it to. We haven't refocused all of our transit service for this one event. That's really important to us. Second is that people who do live and work in these neighborhoods are benefited by the special service. We haven't gone and created whole new lines but we're building off the existing lines. Then, the third part is how will they know about it. We're working with community organizations and neighborhood groups and merchants associations to make sure that we get the information out to them in advance about the special services that will be in place, when the events are. 511 and their special America's Cup pages is going to be the primary place where everything will be updated so that we're not saying, "Go to Golden Gate's Web site and go to our web site and go to BART's web site." We're using that as the main place to provide information that is current and up to date. All of the regional agencies have a commitment to providing up-to-date information for posting and providing to that America's Cup web site on 511. America's Cup Event Authority

themselves will be pointing people to that 511 page so that we're all speaking in a unified voice with one location.

Commissioner Woo Ho - Thank you very much. That was very helpful. You can tell we're very interested and engaged and want to see this to be very successful for the city and for all of us who hope to enjoy the event ourselves.

Carli Paine - Thank you and I will follow up with answers to your questions through your director.

Commissioner Katz - Can I make one comment? Since the executive director didn't want to give a report on herself, I would just like to say congratulations to our executive director receiving the SF Travel Silver Cable Car award. I can't even begin to go through all the accolades that were heaped upon her but all very well deserved. Amongst some of the comments were one of the best port directors in the country, I've heard that many times and certainly one of the best directors we've had. It's an opportunity to acknowledge not just the incredible work she's done here as our executive director but also her history of work on behalf of San Francisco on so many projects, some of which I'd even forgotten that you had spearheaded. So kudos to you and congratulations. I look forward to seeing you get your award next week.

Monique Moyer – Thank you.

Commissioner Woo Ho - Thank you, Commissioner Katz. I believe it is a luncheon on June 18, 2013 and unfortunately, I won't be here to be able to celebrate but we do wish to congratulate you. I think you'll hear the commission commending you in the video that day. Thank you.

B. Informational presentation celebrating the Port's Achievements: Habitat Enhancement and Stewardship Program.

Carol Bach - I'm the environmental affairs manager for the Port's planning and development division. Commissioner Katz, thank you very much for setting that tone of celebration because I'm very happy to be here this afternoon to kick off the commission's celebratory series of informational presentations about the Port's achievements.

I'm happy to have a chance to inform you guys about our habitat restoration efforts that have been underway here at the Port and also to introduce you to some of our wonderful partners, who have initiated and supported and sustained those habitat restoration efforts. The Port of San Francisco is unlike many of its peers in a lot of ways. One of those is in the varied form that our waterfront takes, which is partly related to the history of its development. We have portions of our waterfront where there is constructed waterfront seawalls and pile-supported wharfs that are 150 years old and other portions of our waterfront that were open bay water only a few decades ago. Because of this varied shoreline physical form, the Port has had the opportunity to restore a little more natural

shoreline habitats in portions of its waterfront, particularly along the southern waterfront.

Since the adoption of the Waterfront Land Use Plan in 1997, the Port has endeavored to create a network of public access areas and open spaces along all of its waterfront. You're going to hear more about that open-space network at your next informational presentation. Today, I'm going to focus on those areas where we have undertaken habitat restorations on some of our soft shoreline areas, particularly at Mission Creek, Pier 94 Wetlands and Heron's Head Park.

Beginning from the north and moving south, Mission Creek lies just south of AT&T Park and forms the northern boundary or northern shoreline of the Port's Seawall Lot 337 area. Much of the shoreline of Mission Creek supports tidal wetland habitat as shown here in this photo of the northern bank of Mission Creek. This area has been largely cared for by the Mission Creek Conservancy, which is the coalition that was initially formed of the Mission Creek Harbor Association and various environmental groups in response to proposed developments by Catellus in Mission Bay.

With the Mission Creek Conservancy's advocacy, Catellus really embraced the goal of preserving and enhancing shoreline habitat. Mission Creek Conservancy members and volunteers together with Catellus have created tidal wetland habitat along the banks of the creek and also adjacent upland habitat. This habitat provides a home to a wide variety of plants and wildlife including, as shown in these photos, great blue herons, snowy egrets, brown pelicans, marine mammals like sea lions, aquatic species like the bat ray in the beautiful clear waters of Mission Creek.

The conservancy has also developed landscaped areas where there are flowering plants that support specific butterfly species. There are seven butterfly species that are resident to those upland habitat areas including the anise swallowtail, which is shown here.

I must thank the Mission Creek Conservancy and their members for these beautiful photographs. Moving southward, Pier 94 Wetlands evolved from what was initially construction of a new marine terminal at Pier 94.

The shoreline there just south of Hanson Aggregates sand yard at Pier 92 and just north of the paved terminal at Pier 94 was constructed along with that entire area in the '60s by placing a debris dike in the water forming with the perimeter of the proposed constructed lands and backfilling with fill material behind that debris dike. During construction of Pier 94, a portion of that dike failed. The fill material itself slumped from what was the intended land surface to an elevation that was subjected to tidal inundation. That area was found to be structurally unsuitable for further development. It was left to be subject to the forces of nature for several decades. Over time and with tidal inundation, wetland vegetation established itself naturally. Birds and other wildlife were attracted to the area.

These are photos of what the Pier 94 Wetlands area looked like in the '90s. You can see from these photos that the fill material itself sort of degraded the quality of the habitat. There were chunks of concrete and piles of asphalt and tires sticking in and out amongst the wetland vegetation.

With the advocacy primarily of the Golden Gate Audubon Society who came to the Port and urged us to undertake some habitat improvements there, the Port planned and sought funding for habitat enhancement along this portion of the Pier 94 shoreline.

In 2006, with funding from the California State Coastal Conservancy, the San Francisco Bay Natural Resources Protection Trust and the Port's capital budget, we undertook habitat improvements at Pier 94 that included removing those debris piles and deleterious items like tires and piles of asphalt, grading the shoreline to create more natural wetland plains and tidal inundation channels and placing a sand and gravel berm along the north side of the shoreline to protect that area from waves and storm surge from that direction. In doing so, we created five acres of new wetland area and improved water circulation and habitat quality overall.

Following construction, the Golden Gate Audubon Society really adopted this site. They have worked side by side with the Port ever since to conduct monitoring that was required by our permits for the project, to monitor the success of the habitat restoration.

They undertook a project to plant an endangered tidal marsh plant called California sea-blite, which was once abundant in San Francisco Bay in sand and gravel shoreline areas but became endangered as those types of shoreline were eliminated by waterfront development.

Today, Pier 94 supports a small but healthy wetland with a wide variety of both common and uncommon birds that are sighted there by bird watchers on a regular basis. Some of the species that you'll see at Pier 94 Wetlands and also at Heron's Head Park are American avocets, long-billed curlews, killdeer and black oystercatchers.

The Golden Gate Audubon Society continues their commitment to the stewardship of the habitat at Pier 94. They have monthly volunteer work days where people show up to remove invasive species and trash. They also fund and lead their own environmental education programs at Pier 94. One of the components of the Port's habitat improvement project that we had proposed to undertake in 2006 was re-vegetation of the adjacent upland area. We had endeavored to establish native grasses and coastal scrub species there. As you can see from this picture, the substrate there is this hard, packed gravel. It's really unsuitable to support plant life and our efforts did not succeed.

Six years on, the Golden Gate Audubon Society again has sought their own funding and undertaken to re-vegetate that area. The white boundary shows the

perimeter of the upland area that they're going to be re-vegetating. The yellow shows the footprints of areas where they're going to be placing a better quality of soil that actually can support plant life. The soil placement is underway now. We expect it to be completed this summer. The planting will continue in phases over the next couple of years.

Further south lies Heron's Head Park, which is our largest and most accessible and best-known habitat enhancement project. It's at the southern end of the Port's jurisdiction just north of the former Hunter's Point power plant and south of our Pier 96.

Heron's Head Park is an irregularly shaped peninsula of land that is so named because, when viewed from the air, the form of the peninsula is in the shape of its resident, great blue heron's head. This is a picture from the late '60s or early '70s when the Port was constructing what was anticipated to be the future Pier 98.

Similar to other waterfront construction, we put a fence or a debris dike in the bay to form the perimeter of the land that we wanted to build and placed fill behind it. Today, it's a little hard to imagine that this was the practice of the day, but it was. It was considered to be perfectly reasonable at the time. So the Port began constructing what it expected to be either a future maritime terminal or possibly the footing for a southern crossing bay bridge but as the demand for cargo terminals moved to the East Bay, the Port decided that it didn't need to finish building Pier 98. It stopped placing fill in 1977, fenced off the area to public access. What followed were several decades of benign neglect where the area was just unused and undeveloped. In the early '90s, this is what the former Pier 98 looked like.

Again, as happened at Pier 94, with time and tidal inundation, wetland vegetation established itself naturally. The upland areas were entirely overtaken with the hardiest of weeds like pampas grass and star thistle. Public access was prohibited by a chain link fence. There were the remains of an old construction road down the peninsula. In response to advocacy from environmental organizations and in the case of Heron's Head Park, we had a lot of support from the local Bayview Hunter's Point community to do something better with this property. So with that support and advocacy, the Port planned and sought funding for habitat restoration and park improvements at Pier 98.

With funding from the public utilities commission, the San Francisco Public Utilities Commission, the California State Coastal Conservancy and the San Francisco Bay Trail Project as well as a great deal of resources from the Port's capital fund and staff time and resources, we undertook the restoration at Heron's Head Park by removing thousands of tons of the fill material that had originally been placed to create new wetland area. With the exception of tires that were pulled from the fill, all of the rest of the material was either recycled or reused on site. We created five new acres of tidal salt marsh in addition to those acres that had established naturally.

We created a new 14-acre park with park amenities including a fishing pier, a trail, a picnic area, benches, interpretive signs and some landscaping. So this formerly abandoned land reopened to the public as Heron's Head Park.

Since then, Heron's Head has become a treasured resource to the neighborhood, to environmental enthusiasts, to students and teachers, walkers, workers in the immediate area. Heron's Head is visited not only by members of the local community but people from throughout the Bay Area, throughout the country and even internationally. In fact, in the next month, we have a group of students from Indonesia who are coming to Heron's Head Park to study the EcoCenter, which I'm going to tell you about in a minute because they read about it on the Internet.

In the 13 years or so that Heron's Head Park has existed, the Port has funded environmental education and volunteer programs in the park. For many of those years, those programs have been provided by a local non-profit organization called Literacy for Environmental Justice (LEJ), which is based in the Bayview Hunter's Point neighborhood. The LEJ got a grant to do additional habitat restoration in the transition zone between the wetlands and the upland areas. Through the Port-funded environmental education and volunteer programs, the cumulative effect of those efforts has brought thousands and thousands of hours of labor and built a constituency that has benefited the park way beyond our outright investment in them.

In 2001, this organization, Literacy for Environmental Justice, came to the Port with the idea that they wanted to build an environmental education center that would also be a demonstration project of green building technology. This idea ultimately became the EcoCenter at Heron's Head Park, which was constructed between 2008 and 2010. It was the city's first and perhaps still the only completely off-the-grid building, meaning that the only municipal utilities that the EcoCenter is served by is the potable water supply. The EcoCenter is currently under review by the Green Building Council for certification as a LEED platinum building, which is the highest level of LEED certification.

The EcoCenter was born of many contributions of money, time and effort. The major funders were the San Francisco Department of the Environment, the California State Coastal Conservancy but there were many other small, private foundations and donors who have supported the EcoCenter and, again, just thousands and thousands of hours of volunteer labor.

This is what the EcoCenter looked like shortly after it was constructed. It has 100 percent solar power. It has a living roof, meaning that the roof is vegetated and actually provides habitat itself. Rainwater on the roof is captured and reused for irrigation. One of the truly unique things about the EcoCenter at Heron's Head Park is that it has an on-site wastewater treatment system. The sinks and toilets in the EcoCenter, the wastewater from those is treated in a series of tanks through settlement, disinfection.

In the far left portion of that photo, you can see where there's this constructed sort of mini aquatic habitat where aquatic organisms and plants complete that wastewater treatment process by nutrient uptake and oxygenation.

The effluent from this wastewater treatment system meets EPA water quality standards for recreational contact, meaning you could swim or kayak in it. You wouldn't, but you could. One of the poetic things about the onsite wastewater treatment system is that it really mimics the wastewater treatment processes that are happening naturally just right outside those windows. You can see it treating your wastewater in your building. It's a great educational tool to teach students and youth and adults alike about the value of wetlands and their role in water treatment. Recently, the National Organization of Onsite Wastewater Treatment Engineers had their annual meeting at the EcoCenter. They came from all over the country. It was really endearing to see how delighted they were to be in this little room with its onsite wastewater treatment system.

The Port has continued to fund the environmental education programs at Heron's Head. Within the last two or three years, we have partnered with the Department of Recreation and Parks Youth Stewardship Program to deliver those environmental education programs.

This photo shows a group of students from Mission High School learning about the historic distribution of wetlands and natural areas in San Francisco and how it has changed with urbanization over the last 150 years. These are some other examples of environmental education programs that Rec and Park's youth stewardship program has led where students learn about wastewater treatment and water chemistry and native plants and their role in habitat value.

Just this last year in 2012, Rec Park and the Port launched a new environmental education program at Heron's Head Park called the Greenagers, which is a group of young teenagers, ninth and tenth graders, who live or go to school in District 10 and have an interest in community service and the environment. It gives them an opportunity to connect with like-minded peers. They participate in the program over a period of nine months and do a community service project. They were based out of Heron's Head Park. I went to their graduation earlier this year. It was really lovely to hear these young kids talking about the joy that they felt pulling weeds at Heron's Head Park because they felt like native plant defenders. It was great to see that that's the kind of environmental ethic that we're hoping to instill with these education programs.

One of our most celebrated accomplishments is also just last year with funding from the 2008 Clean and Safe Park bonds. We completed the expansion and improvements to the entryway at Heron's Head Park. Most of you commissioners were there for opening day or have been since we opened it but this has just been a transformational improvement to Heron's Head Park.

Where there used to be a huge asphalt-paved area with a few scattered parking spaces and a bunch of speeding cars, we now have over an acre of expanded

green space, new picnic facilities, restrooms, more efficient parking, an off-leash dog play area and sort of safer and more efficient traffic flow.

That's been wonderful. We've got nothing but praise from the people that I run into when I'm out in the park about the improvements. What I hope that you would take from this presentation is pride in the accomplishments of the Port and its habitat restoration efforts, small though they may be, and our collaboration with our non-Port partners.

We have an amazingly engaged citizenry here in San Francisco. Our habitat restoration programs have really benefited from their engagement. I thank you and the port commissions of the last 12 or 15 years who have voted repeatedly to support the Port's effort in environmental stewardship. That is truly something to celebrate.

Bob Isaacson - I moved down to Mission Creek to a houseboat about 25 years ago. One of the amazing things to me was to see the wildlife there, the great blue herons, great egrets, just a large number of birds. It seemed to me and to a number of us there that they should be preserved. At that time, the developer, Catellus at that time, an earlier version of Catellus or Mission Bay Development, considered the place a tabula rasa, a blank slate. They were just going to build up on it. We wanted to tell them, hey, wait a minute. It's not a blank slate. There's a lot here that really needs to be taken care of. The fact that it's within a mile of the downtown area and these wonderful, charismatic shorebirds are there told us that there's something that really needs to be done. We took it on ourselves. We formed the conservancy, about half of us from the creek and half from other places, to publicize what was there and needed to be preserved. I'm very proud to say that we've been successful, that the number of species of birds has increased from about 50, which we counted early on, to over 100 now. The number of individual birds similarly has just about doubled in that time. A number of steps of habitat restoration that fortunately, Catellus joined right in with us. Once we presented the idea to them of preserving and enhancing the habitat, they joined in and they became wonderful partners. The creek was separated into two areas, one within the Harbor Association realm, which the Harbor Association and the conservancy took care of directly, and the other outside the Harbor Association leasehold, which Catellus basically did the whole thing on. They accepted our recommendation for hiring a wetlands consultant. Michael Joslin, who stayed with them for years and years and years including directing an upland wetland, small wetland there.

One of the factors is the preservation of perch piling. These birds come and roost on the pilings that are out there. I looked out of my window one day and saw that the Port was removing pilings, the old pilings from the old piers that used to be there. The first thing I did was talk to the guy who was in charge of it. I was amazed. He immediately stopped. They stopped the removal and, you know, at least for the day. Then, I made some calls around to BCDC that had asked for the removal and to the Port and they stopped. Those perch pilings are there. That's the kind of thing we did. I would like to thank the Port for its

cooperation and its assistance almost from the beginning. David Beaupre was very helpful to us in various meetings with Catellus.

Ginny Sterns – I'm also with the Mission Creek Conservancy. It's been wonderful to be living in a houseboat and become a steward of Mission Creek and just to see how this body of water, which was basically forgotten and neglected and was really a sewer at one time has now become this beautiful amenity. The Port and other bodies of the city have really made it the center of the Mission Bay Project as a focus. My job down there is to help with the habitat and to put the habitat into our area. At first, I thought it was something to get done. We'll put in these plantings. We'll get everybody to help. Then, as we were going on, I began to see that it was something to keep going because it's a community focus. The people came down from the new condos on the north side, and they wanted to help. There were people from other parts of the neighborhood that wanted to help. Together, we really did make a very beautiful habitat. Now, we have a whole body of stewards in the community. I think this is one of the really special things that can come out of this kind of a project because here, right in the middle of the city, we have a place where, when the fish come in, people can see pelicans coming in and dropping out of the sky, grabbing these fish and squadrons of cormorants making their way up and blue herons, caspian terns. It's really exciting to have this much wildlife right where people can see it. We have bat rays and sea lions. It's very exciting. I want to invite you to come down and take a look at this. Thank you for your support of these projects.

Corinne Woods, proud member of the Mission Creek Conservancy - You saw a picture of me digging on the edge of the bank, as we've been doing for a long time. I think I've given all of you now a copy of Vanished Waters, which is a book that Bob and Ginny and the rest of the conservancy originally commissioned because Mission Creek was considered useless, wasteful. It should be lined with concrete and turned into a canal. The conservancy and with the support of the Port and Amy Neches, who was at the time project manager for Mission Bay Development, supported us and supported a lot of the ecosystem improvements that we felt were important. We do believe that it is a jewel in the Port's crown. We're Port tenants. We really support what the Port wants to do. We appreciate the support that the Port gives us.

Commissioner Katz – I want to thank Carol Bach for her presentation. It's really heartening to see the kind of work that we're doing and the stewardship that the Port exhibits along our waterfront. I'm also struck by the hard work that's gone in by so many people that are still around. It's the same people and faces continually pop up. I want to thank the Mission Creek alliance people and Corinne, who seems to be at the forefront of virtually every issue before us, and David Beaupre for his work on this and also my colleague, Kimberly, who was mentioned. There was leadership from commissioners many years ago. I know that, in large part, came from you. I just want to thank all of you for that. It's exciting to see. Then, just as you noted, at Heron's Head Park, having been there with my dog, I appreciate the dog park. He loved it.

Commissioner Brandon - Carol, thank you so much. This was a wonderful presentation. I do remember the beginning. You're being very gracious in saying that it had all this support because there was a little bit of opposition also. Just to see what has happened and what has transformed over the last 15 years is just incredible. Because of that, Heron's Head Park has received several honors. That should be attributed to Carol and David and the whole team that really did a lot to make this happen. Because of the Port's alliance with Park and Rec in the 2008 bond, we were able to do Mission Creek and the park at Heron's Head Park. That's absolutely wonderful. All the kids that I've talked to that are a part of LEJ at Heron's Head Park just love it. It's a wonderful, wonderful thing. Thank you.

Commissioner Woo Ho - It's been certainly expressed well by Commissioner Katz and Commissioner Brandon. Again, thank you for leading this effort from many years ago. We talk about a lot of things at the commission. Some of them are very hard-nosed. It's really nice to have this presentation today to make us feel that we're talking about life, and we're talking about the environment and how we're contributing. I think this is a very important effort. It's lovely to hear from the residents to know what that affect has made on their daily lives. Hopefully, more people will enjoy that environment in the city. We want to congratulate everybody that's worked on this. It sounds like it's a labor of love. It will continue to be a labor of love. Thank you very much.

Carol Bach - Can I just say thank you. I didn't get a chance to thank you so much for your time and attention to this. I really appreciated the opportunity to present to you. I appreciate the thanks and appreciation that you guys have expressed. But without the ongoing support of the Port Commission, none of this would have been possible.

10. CONSENT

- A. Request authorization to enter into a cost-sharing agreement with the U.S. Army Corps of Engineers for a feasibility study of federal dredging of the Port's Central Basin near Pier 70. (Resolution No. 13-23)
- B. Request approval of the Fiscal Year 2013-14 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, Special Event and Filming Rates. (Resolution No. 13-24)

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolutions Nos. 13-23 and 13-24 were adopted.

11. PLANNING & DEVELOPMENT

- A. Informational presentation introducing the respondents to the Request for Proposals for the Pier 38 Bulkhead Rehabilitation project, located at Delancey Street and The Embarcadero.

John Doll, Planning and Development Division of the Port - I would like to introduce you to the two respondents to the RFP. Last September the Port Commission authorized staff to issue an RFP for Pier 38 with the intent of a developer team to rehabilitate and re-tenant the Bulkhead building of Pier 38 but also would qualify the developer team with the possibility of a long-term reuse of that entire pier. The intent of the solicitation was to find respondents with experience in rehabilitating, developing and operating facilities comparable to Pier 38. The ideal respondent would consist of a development team that has experience with: (1) historic rehabilitation of waterfront structure; (2) an ability to identify and secure potential tenants; and (3) an ability to maintain real estate projects once completed.

With this in mind, on March 25, 2013 Port staff received two very qualified proposals from two very qualified development teams. First was San Francisco Pacific Waterfront Partners, III. I want to make a quick note that, in the staff report, it should be noted as San Francisco Pacific Waterfront Partners, III, which is a company to be formed and to be wholly owned by San Francisco Waterfront Partners LLC. The other team is TMG, Pier 38 Partners. In the staff report, I think it just said Pier 38 Partners. It should be TMG, Pier 38 Partners, which is a partnership, again will be formed consisting of TMG Partners and Premier Structures.

This afternoon, I'd like to give both the teams the opportunity to present their teams, present the overview of their qualifications and their vision for the rehab of Pier 38. After this presentation, the next step would be that an evaluation panel will convene next week to evaluate and score written submittals plus interviews for each of the teams.

Then, we would hope to come back to the Port Commission in September in open session with a staff recommendation based on the scoring of the evaluation panel to award the Pier 38 development opportunity to possibly one of these two teams.

I'd like to introduce first Simon Snellgrove from Pacific Waterfront Partners. He'll have 10 minutes to present. Then, following that, we'll have Michael Covarrubias from TMG Partners to give a similar presentation. Then, staff will be here to respond to any questions that you may have.

Simon Snellgrove – This is my partner Alicia Allbin. We are together going to make this presentation today. Thank you very much for this long-awaited opportunity to present our vision for Pier 38. Especially thank you to the Port staff for all the work they did in putting the RFP together. The development entity, just to clear up names, is San Francisco Waterfront Partners III. Pier 38 will be our third project with the Port if we are successful.

We are the same partners that you've had for the past 14 years. We and all of our team who are here today are passionate about the Pier 38 space and the future of the space in the waterfront.

Now, Alicia is going to introduce the work that we have done on the waterfront and our team and our concept and our journey of reconnecting our city with its waterfront.

Alicia Allbin - Piers 1½, 3 and 5 share a similar entitlement process and the same challenges physically as Pier 38. The historic redevelopment at the piers received \$12 million in historic tax credits and is the recipient of multiple awards. The piers are now 100 percent leased. They are economically successful. They embody the goals of preservation, activation and maritime recreation, as we have set for Pier 38.

Eight Washington provides a unique opportunity to the Port by significantly increasing the value to an awkward, under-utilized piece of land through combining it with the adjacent private land. The project will ultimately generate over \$100 million of income to the Port and the city.

Size and significance do not always correlate. Pier 24 is but 27,000 square feet of industrial space, which now has been renovated and is the largest and one of the most important photographic exhibit spaces in North America.

As has been represented by the past projects, we understand the complexities of waterfront entitlements. We commit, and we deliver. We're working with an excellent team whose members have had extensive waterfront and historic rehabilitation experience. They are all here today. They have made an exhaustive effort to study every aspect of this project. Additionally, as proven on past projects, we're committed to exceeding the Port's LBE goals.

With that, I'd like to go into the Pier 38 rehabilitation concept. Ultimately, Pier 38 is a place that needs to be reestablished within the community and is a destination for innovation and recreation. In conjunction with our historic architects at Page and Turnbull, we have thoroughly scoped and researched the site to identify those areas of historic significance to ensure that our short and long-term development plans appropriately preserve the historic fabric and the character within these areas while exhaustively analyzing all of the code and access violations and their remedies.

More and more, the waterfront is a people place. In addition, the tech boom and the surge in tenancy and rent South of Market are a derivative of the demand for our city and this location. Pier 38 sits at the epicenter of this activity. We are enthusiastic to play a role in linking Pier 38 with its surrounding context. As the site currently exists, public access is restricted to the Embarcadero Promenade with no penetrations along the pier to the bay. The Pier 38 redevelopment provides an opportunity to remedy that condition.

With that, I'm going to hand it over to Simon, who will talk about the ultimate vision for Pier 38.

Simon Snellgrove - First and foremost in our consideration is pedestrian access. It's the number-one priority of our plan. This shows the long-term access to the bay. Public views of the water north of the bridge and south towards the ballpark will be maintained. Minimal but necessary vehicular access would be provided through the dry bow serving the restaurants, cafes, maritime uses and tenants leaving the pedestrian realm free of traffic.

We have responded to the Port's objective to quickly re-tenant and reactivate the pier until alternate one, which we'll present in a minute. We have provided a compliant proposal, which addresses both floors of the Bulkhead in this phase one, shown on the left. Since we have never been known to conform, we couldn't resist and come here before you without pitching you on an entire pier alternative. Later, you will see under alternative two, we have proposed to animate and re-tenant the ground floor of the bulkhead building in phase I while simultaneously obtaining the entitlements for phase II of the project.

These will be the following uses: 21,000 square feet of office, 7,000 square feet of restaurants and acres and acres of public access space. Public access would run from the Brannan Street to the north onto a widened boating and activity apron on the north side of the project and south through the shared building to a port walk on the south side of the project. From here, it would extend south to Pier 40 and west through the bulkhead made possibly by removing a portion of the present ground floor office space. A view of the public access follows on the next slide.

This is a vision for the new public promenade, outdoor seating facing the Brannan Street Wharf with a greatly improved dock. This widened apron will provide an exciting opportunity for the public to truly enjoy the experience of the waterfront either by dining in the outdoors or messing around in boats or just hanging about.

The maritime facilities will be upgraded, completely restored and expanded to include a small boat, small craft launch, a water taxi and kayak landing, modern transient berthing facilities. It has the potential of relieving the Port of its BCDC obligations at the Brannan Street Wharf.

Alicia Allbin - The majority of the phase I uses on the ground floor would be dedicated to visitor and public-serving cafes and restaurants. Our plans would allow a major portion of the ground floor bulkhead tenants to remain operational during phase II construction.

We would also encourage a discussion with the Port about assuming a lease for Pier 40 to allow for the rehabilitation of the remaining structure. The tone and the quality of the project, as with most projects, will be set with the public's experience of the ground floor uses.

The three spaces which we have identified lend themselves well to a casual, inviting waterfront experience. Our concept for the larger north space is to provide a casual beer garden and light dining restaurant.

We have secured letters of interest and are working with local operators on executing this concept. To the south, the smaller cafes allow for more casual dining. We will ensure a minimal initial investment in the small areas, which will need to be temporarily vacated in phase II.

A view of this new passageway is shown on the next slide. The creation of this public access corridor through the bulkhead buildings provides an opportunity for two distinct café spaces to the north and south of the corridor and also allow for more prevalent storefronts in the corridor.

We have been working with local chef Charles Phan and have secured an LOI for one of the spaces. The similarly unique fabric and the historic nature of the pier spaces lend themselves well to restaurants and cafes as have been represented at Piers 1½, 3 and 5.

We are diligent and detailed in our pursuit of finding the right tenants who can deliver upon our vision and enhance the value of the project. We've included a modest number of parking spaces for visitor and maritime use and service truck parking but are flexible in working with the Port and BCDC in the ultimate requirements.

Under alternate 1, the second floor of the office would be restored and all code violations corrected. Our desire for the space is to maintain the pier's history of creativity and innovation. The industrial nature of the space and the goals for historic preservation lend themselves well to an open, flexible layout desired by tech tenants. Lundberg Design has prepared a preliminary interior layout, which maintains one level across the entire floor plan and creates a variety of open, innovative spaces.

We've been working with the former Pier 38 tech hub tenant, SOMA Central, in securing them a home at Pier 38. They have already signed a letter of intent for all of the phase I office space. They currently occupy 60,000 square feet of tech space throughout the city thereby affording them unique flexibility. Simon will now discuss phase II.

Simon Snellgrove - Are we past 10 minutes?

Monique Moyer - Yes. You're two minutes over. Commissioners, what would you like to do?

Commissioner Woo Ho - Whatever time we give you, we have to give the same to the next presenter. That will be the limit. I think it's only fair that both developers have the same amount of time.

Monique Moyer - Simon, we're going to give you two minutes.

Simon Snellgrove - Thank you very much. John Doll said not to forget alternate one. I'm just going to rush past alternate two. Alternate two is the whole pier. It's important that this would extend the public access space all the way around the pier. We would create at the end of the pier a very exciting 5,000 square foot public event space. A view of that public event space would be here. It's a fabulous opportunity to get the public all the way out where they can enjoy the bay and where we can have events for all over the city.

Finally, we would work with the Port's harbor manager and would be very excited to look into the future feasibility of transient berthing to act as a gateway to Pier 40. I want to do the office just very quickly. Here's the first floor office, which would be the economic engine of the second phase penetrated by these cross-pier spaces allowing light and views of the historic interior such as these. A second-floor office would be penetrated by skylights. We would be able to do our alternate two if we did alternate two and get the space on the ground floor of the bulkhead reactivated six months earlier.

We believe that the benefits of doing alternate two are streamlined entitlements, expected activation, continuous revenue to the Port, re-tenanting with the higher quality, higher rents, the surety of preservation, seamless transition, \$17 million of tax credits.

John Doll - I'd like to introduce Michael Covarrubias from TMG Partners.

Michael Covarrubias - Before we get started, I would ask if any of you are familiar with this new Japanese slideshow presentation style called PechaKucha. Haven't heard of it? It's designed for the millennial because they're completely baked and ADD.

I'm going to go through these slides really rapidly so that you can sort of get the flavor of it but don't get hung up on the dizziness of going by. We're going to try to talk about a lot of projects that we've done and then, we'll go forward.

Thank you, chairman and members of the commission, Executive Director Moyer. I'm Mike Covarrubias, as you heard. I'm here with two folks from TMG who are going to present: Amy Neches and Matt Field. We have our team as well, which I'll go through briefly.

We're going to tell you a little bit about what we have done over the few years we've been in business, which is about 30 next year. We are going to tell you how we're going to respond to your requests. We're going to tell you what we think is the reason to pick us for this revitalization.

We are joint venturing this project with Premier Structures, folks you know. We have a great group of architects and all the basics that you would expect us to have.

We have been in business, as I mentioned, 29 years. We've done about \$4 billion worth of transactions. Our business is repositioning assets. We have done everything from across the street. You're familiar with the Southern Pacific headquarters building, the 1000 Van Ness project.

We've been up in other counties, Marin, Hamilton Field in the north, Emeryville. We've redone most of it. We've done them with public-private partnerships. We're used to dealing with agencies. We're used to dealing with city fathers.

We've been usually ranked as the most active in San Francisco. We did about \$2 or \$3 billion in just the last few years. Last year was our pinnacle year. We did three million square feet of sales. We did a million feet of acquisitions. We did this as a small, little development company.

We're 35 people. We're privately owned. We only do business in the Bay Area. We pick the projects we think that we can have the best impact for. Those are the ones we go after. We decided on this one that we would joint venture with another development group that you know, Paul Osmundson and Elliot Grimshaw from Premier Structures.

We have, as of yet, not done a deal on piers. But you'll see from our track record we've done about everything else. Our group includes activities that have been on piers. They include obviously the building we're in, Pier 1 and the cruise terminal.

We have, as I said, a track record of buildings that have been built throughout the Bay Area. What we're proudest of in San Francisco is the fact that our projects you can drive to all of them from Silicon Valley to Marin. They are successful. We have partners that we've done business with including CalPERS, Farallon Capital and a whole lot of other folks that you will know. The projects return a profit to the partners. They are good for the community. We're very proud of that part of our team. That's what we are going to be selling, if you will, in this presentation is our ability to execute for the Port. Amy Neches, who you know, was praised in the former presentation.

Amy Neches - I'm not just about birds. I was formerly with the redevelopment agency and now working with TMG Partners. We're excited about Pier 38 because we know it's not just another development project. This is an opportunity to work with you on a true public-private partnership, which is something that I and my partners have a lot of experience in. We know that the beginning of working on that public-private partnership is understanding what your goals are and your objectives in this project. We understand that those are both the immediate reactivation of the bulkhead building that deals with the code repairs. There's a condition of both the building and the pier, that you want a plan that's compatible with long-term reuse.

Not surprisingly, you're going to see a lot of similarities with Simon's presentation. The ultimate goal is the reclamation of this asset for the Port and for the public benefit. We think there are really three keys to the approach, both the short term and the long term. One is honoring the historic nature of this asset. It is part of the historic district. Pier 38, the bulkhead building is a beautiful building. It's a neglected building. The second is both in the short and long term recognizing the importance of this pier to the maritime history of San Francisco and making sure that we reconnect both in terms of the historical honoring and in terms of making sure there are opportunities for the public.

Third, and this very near and dear to my heart, is understanding the place of this pier within the context of South Beach. South Beach is a wonderful community. I spent years of my life helping to develop it. We have to understand there's a lot going on in South Beach. It's very important that we work with that community, that we're sensitive to the great things that are happening there and also to the impacts of all the development there and that we approach this to work with them and to present a project that's at the appropriate scale.

We put together a team of great people. We spent a lot of time working from options and coming up with what we think are really good initial ideas to work with you and your staff and the community on. With that, I'll hand it over to our managing director, Matt Field, to walk through the specifics.

Matt Field - I am the managing director at TMG Partners and sort of the rehab geek, if we're on the geek theme today. Many of the projects that Mike talked about are projects that I managed including the one across the street at One Market. We come to this with a real cognizance of what the long-term rehab really looks like and then work backwards. If you've gone through the pain of doing a rehab project, you know it's better to know what you're getting into when you start because you'll be able to provide a better pathway.

What we tried to do is we looked at both your near-term goals of activating the building but also your long-term goals. Our approach was to think about the activation, the code compliance, the near-term ability to get the public into the building but also looking at what's the most judicious way to put capital back into the building knowing that we're going to undergo a major renovation?

Our approach was to look at our skill with tech tenants. You guys probably know we've done, as Mike was alluding to, several million feet of leasing with tech tenants in the last few months. We've done 18 projects in the South of Market area, almost all of them technology based office projects. We're pulling from those projects, most of which are rehab projects, to look at who would fit in here. How could we reuse the buildings without spending a huge amount of money that we're going to then tear out later as we do the repositioning?

Our Bulkhead revitalization looks at a lesson base of approach. What we're thinking here is we want to get food onto the pier, the ability to put in long-term

restaurant improvements and then, subsequently, undertake a major renovation behind that.

We really felt that we could more prudently build here sooner and get a project going faster using food trucks. We'd build a food pavilion but using food trucks so that, when we undertake the longer-term project, we won't have major improvements that we've made but we will get all the activation and vibrancy very quickly. We also have less permitting to go through by building this with basically a mobile enterprise. What you'll see is we've got a dining pavilion. It is focused to the north side. It does look at the new Bryant Park. We're using parking for a portion of the site. We're trying not to trigger, again, seismic upgrades, improvements that would be required by putting more infrastructure into the building.

We get a large patio fronting onto the waterfront. We build office space into the space and, again, trying to judiciously put improvements in there because we do see long-term when we come back and do the full renovation, that the integration of those two spaces together probably drives a much more intensive use at the front and active use at the front than the interim project will do.

With your long-term plans for the immediate activation, full historic preservation, we've done a number of interior standard projects including the project across the street. We've also done a number of tax-credit deals. We felt that that's the best approach here is to try to get the long-term project focused on meeting those goals. You'll see, again, focusing back, we're able to reuse the aprons that we're creating on the long-term project but we won't have any improvements we're going to take back out later. We are looking on the long-term objective here. Reactivate the front, again, with the retail and dining. Get the berthing docks back active on both sides of the pier.

Then, we do see this as a major office opportunity. We're going to try to come in on time and on budget with this. We do see this as a large tenant opportunity. We have a lot of experience with these types of tenants. We're quite confident that what we can do with this type of space fits really in our sweet spot. I personally have done telephone company buildings, railroad company buildings. We're doing the Hamm's Brewery rehab right now.

I've always looked down on the piers including when we were doing One Market, you guys brought the Ferry Building out at that time. We looked at this project and knew how much of an undertaking it was and elected not to pursue it because we had our hands full across the street.

We've always wanted the opportunity to redo one of the piers. This is a really unique opportunity for us to come back and be able to bring our skill set with mixed use office rehab at retail and public spaces. We're very excited about this project. I'll turn it back over to Mike.

Michael Covarrubias - We view this as an interview of a resume. Your job hopefully is to pick someone you think will get this done. From that, you look at what they've done. We think our resume of what we've done in our nearly 30 years of activity speaks for itself. We have, as I said, projects you can drive to from here. You'll find that they've all been successful. The opportunity that Matt mentioned is the one that's the most exciting. We have not done a deal on the pier, which is why we brought in our partners to help. That doesn't mean it's any harder than the things we've done. If you've been to the Southern Pacific headquarters or some of the others, you'll realize they were monumental challenges. We think we've addressed your first requirement, which is pick someone that you're confident can get it done.

Second,, we have Amy Neches because we wanted to get on your side of the table and get the perspective of someone who has worked for the city and the Port-like facilities where she gives us guidance and yells at us when we're not going the right way. We have that part of the team. Finally, giving a vision that, as Matt pointed out, we think is an expedient way but also a good way to get the pier activated with the intention of the long term. We didn't do this just for the short term. That's our team That's our vision. We hope you like us.

Commissioner Brandon - Thank you both for those presentations. They were both great. Anyone that knows me knows that I'm waiting to see the financials but they both look like great projects and what we're looking for.

Commissioner Woo Ho - I echo what Commissioner Brandon said, they were both excellent presentations. We appreciate it. There's no doubt that both teams are extremely qualified to be able to do the work on the waterfront. I don't envy the panel that has to sit and go through a lot more detail in terms of some of the evaluation criteria. Obviously today we don't have the time to go through in depth in terms of what your plans are but, ultimately, the objectives of how we balance for the Port's objectives are met. The scheme and the concepts are wonderful and it was great to see the public access, which is important and the activation as far as for the public and restaurant, retail and other uses. One of the reasons that we asked for both your short and the long term plans is because we are aware of what's happening in the neighborhood obviously with the arena. We didn't want to just activate that pier and then have this beautiful new arena go up and this project didn't fit in. Fitting in with the rest of the neighborhood was an important part of what we're asking for in the RFP.

We also want to know that there's a long-term asset that will sustain and improve the quality of what we have on all the piers and moving it up in terms of the quality of the buildings that we have in the long-term sustainability but, in the short run, obviously giving us the revenue sustainability.

We will want to understand how this, in the scoring mechanism, will play out for the Port given that we have such enormous capital requirements not just for this pier but for others so that we figure out how the portfolio of assets are going to operate and generate a benefit for the Port in the long run.

Commissioner Katz - I concur with my colleagues. It certainly will be exciting to see the financials. I do appreciate too that we have two very dynamic and exciting teams. We're lucky to have the kind of caliber of teams before us.

It's probably a testament to our staff getting out good RFPs to attract solid teams. It is a very exciting space. One of the things I'm interested in hearing more about as we review it after the scoring comes back is to see the differentiator between the immediate activation and what that means for the Port and then the longer-term vision and how that all flows and ties together.

That's something that we feel strongly about that it's an opportunity for us to generate some revenue now but again, we are looking at the long term. We want to see a seamless transition over there. I'm excited that both teams have certainly taken a look at that and have incorporated that. I look forward to hearing more about that. I want to thank both teams for terrific presentations.

Commissioner Woo Ho - I wanted to add one thing only because some of us have actually seen how, on Pier 9, Autodesk has used some of the space, which is very interesting and very in-line with the shed and the concept in terms of what they're doing within their workshop is a great synergy not only for what their trying to accomplish but also with Exploratorium.

We're trying to figure out how the use of the space fits in with what we're trying to produce in the environment for the waterfront. Obviously, one of the presenters did mention in terms of what was previously there, which was very exciting but just wasn't the right environment and not safe in terms of some of the tech activity.

In terms of how the content of the space is going to be used in-line with what I think is what we're trying to create and what the mayor and the city is trying to create for the city as well as the waterfront is going to be very important in the long run as well.

Commissioner Murphy - This is a great project. I appreciate the presentation by both parties. This pier is currently closed. Is that correct? I don't know very much about the pier, but I'm supposed to get a tour out there next week by Susan. I'm looking forward to seeing that. I'd like to say that the reason that the pier is closed down right now, obviously some violations and all of that. I hope that will all be addressed during this endeavor.

Monique Moyer – It better be, with money for the Port left over.

Commissioner Murphy - Good luck to whoever gets it.

Monique Moyer - I heard the commissioner say it out loud, loud and clear. We'll brief you more on it, Commissioner. Thank you for that.

Commissioner Woo Ho - Given the time, we're going to just take a quick five-minute break. So can I have a motion just to adjourn for a break, please?

Commissioner Brandon moved approval to take a 5-minute recess;
Commissioner Murphy seconded the motion. All of the Commissioners were in favor. The Commission took a 5-minute recess at 5:40 p.m.

Commissioner Brandon moved approval to reconvene in open session;
Commissioner Murphy seconded the motion. All of the Commissioners were in favor. At 5:52 p.m. the Commission reconvened in open session.

B. Request authorization to commence Pier 27 James R. Herman Cruise Terminal Management Agreement negotiations with Metro Cruise Services, LLC in accordance with Chapter 21 of the City's Administrative Code and the Port's Request for Proposals. (Resolution No. 13-25)

John Doll, Planning and Development - I'll do a joint presentation with Peter Dailey, who is the maritime deputy director. Before I begin, I just wanted to note there was a correction in the staff report that came to my attention. On page 25, fourth paragraph, it mentions some additional positions that Metro would offer. It should read, "one full-time ILWU Local 10 maintenance gear man and one full-time ILWU Local 91 foreman."

As you know, the Port Commission issued an RFP for management services at the James R. Herman cruise terminal at Pier 27. This solicitation was a solicitation for professional services pursuant to Chapter 21 of the city's administrative code. Staff received two proposals, one from Metro Cruise Services and one from Ports America.

An evaluation panel was convened to review and score these proposals. The evaluation panel consisted of a current Port employee responsible for cruise logistics, a former Port employee who was responsible for maritime financial analysis, a current city director of the convention facilities department, a former special event manager for the San Francisco Giants and Marine World and, lastly, a former Port Commissioner who understands Port policies who was an executive director at Fort Mason, which does a lot of special events, and currently a commissioner for the Board of Permit Appeals.

This panel was selected because of their combined experience in cruise operations, maritime finance and special events management. The evaluation scoring process was conducted by the Port's contract manager, Andres Acevedo, with the help from a contracting consultant, Esther Reyes, who had worked for the city controller's office.

Finbarr Jewell, a representative from the contract management division, also attended to ensure the fairness of the proceedings. This evaluation panel scored the written proposals and then the interviews of each of the respondents.

Based on the scoring, the panel selected Metro as the highest ranked proposer with a score of 179.6 points out of a possible 200 points. Ports America was given a score of 127.2 points. We've provided exhibit D in the staff report, which it brings it down to specific detail and the panel's average scores for each evaluation criterion.

In every single evaluation category, Metro outscored Ports America. Every panel member scored Metro as being the highest ranked respondent. There was simply no ambiguity in terms of Metro versus Ports America.

Port staff supports the evaluation panel's ranking because we find that Metro has a better defined business plan for cruise operations, will partner with Hartman Studios for special events. They have substantial experience in San Francisco and with Impark. Furthermore, Metro provided a financial proposal that is realistic and provides a profit-sharing component. The Port currently receives \$180,000 a year from the operation.

With Metro assuming management of Pier 27, the payments to the Port depending on what we feel is a relatively realistic assessment of the number of cruise calls, number of special events and the ability to generate parking revenue at Pier 27 would be approximately \$1 million a year.

With the addition of cruise lines paid to the Port, the estimated Port revenue would be \$4 to \$5 million a year for the initial five years. Since the evaluation panel is now complete, Port staff recommends that the Port Commission approve the recommendation to begin negotiating a management agreement with Metro.

As noted in the staff report, there are a number of business terms, which must be identified and negotiated. At this point, I'd like to turn it over to Peter Dailey to address the next steps and the business terms for the negotiating process.

Peter Dailey – Thank you for your attention span on this long meeting today. I'm going to give the next steps of the cruise terminal. Back in September of 2012, we started this effort when we asked the Port Commission for permission to issue an RFP for a cruise terminal operator and management company.

In October of 2012, we issued the RFP. In February 2013, we received two proposals. Pursuant to the city's administrative code, in April of this year we convened an evaluation panel that John mentioned.

Here we are now in June to ask permission to begin negotiations. It's taken us nine months to get to this point. In November, the Port will get possession of Pier 27 back from America's Cup Event Authority. It's been very difficult for my staff and myself to drive by that beautiful building and not be able to play with our new toy but we're looking forward to phase II and get the facility up and operating.

We are not going to have a lot of time for phase II. Phase II, we're going to have to hit the ground running once we get it back from America's Cup. Phase II is budgeted to cost approximately \$47 million including the construction of the three-acre Northeast Wharf Plaza.

Installation of all the inside apparatus necessary for passenger processing including customs and border protection and all their facilities, installation of the Port's first ever mechanized gangway. We're moving into the 20th century.

Construction of new fendering system and reinstallation of the shoreside power apparatus that needs to be put in place, so ships can comply with the Air Resources Board regulations and California state law.

We have a lot to do in a short period of time. On top of this, 2014 will be probably the busiest cruise year in the Port's history with 76 vessel calls and a quarter of a million passengers, the first time we've ever reached the passenger count of that magnitude. Twenty-five of these 76 calls are being planned right now to take place at the new terminal. It's critical for us to get it up and operating and completed. We also believe it's critical to have a management team in place so, when the America's Cup event ends, they can be involved.

Our terminal management can be involved in implementation of the phase II construction. They can begin marketing the terminal for special events and cruise operations. The Port already has received numerous inquiries for the space. It's a high-profile space. When the America's Cup is completed, it's going to even have a higher profile. Our cruise customers are looking for certainty as to who they're going to be doing business with, who their operators are going to be and what their expenses are going to be going forward.

Today, staff is asking for authorization to start negotiations with Metro Cruise. We still have a great deal of work to do before we ask the Port Commission for approval of a management agreement hopefully later on this year. If the Port Commission authorizes the staff today to commence negotiations with Metro Cruises, Port staff is fully committed to bring each and every business term issue to the Port Commission for input and guidance.

We are engaging the preeminent cruise consultant Bermello and Ajamil, consultants who also did the design of Pier 27, to assist us to provide negotiation support with the goal of making Pier 27 operate as efficiently as possible and to maximize revenue. With our consultant's help, we are planning to come back to the Port Commission this September with an informational presentation on possible business models and pricing strategies and comparatively look at our facilities versus other ports and our competitive ports on the West Coast. We want to look at the elasticity of pricing and a range of different issues. We wanted to explore ways in which the Pier 27 facility is a financially sustainable operation. We believe it can be.

By working with the Metro team to maximize revenues by attracting as many cruise calls as we can, maximize revenue from special events and by the parking and opportunities that Pier 27 and potentially Pier 35 might provide for us.

The goal of the RFP timing has been and continues to be to complete negotiations of the management agreement and to come back to the Port Commission for final approval of the deal by fall of 2013. That gives the Port just the next few months to negotiate an agreement and get going with phase II. In the event the Port and Metro cannot resolve the requisite business terms of a management agreement, the Port staff would return to the commission for authorization either to commence negotiations with the second-highest proposer, Ports America, or to reissue the solicitation.

To summarize, we have an exciting yet somewhat daunting task in front of us. The new Pier 27 cruise terminal complex arguably is the largest investment in port and maritime infrastructure in the Port's 150-year history. We were thinking today of what could have been as monumental as this, and we can't.

We take this responsibility seriously and pledge to work closely with the commission to ensure the Port negotiates the business model that meets the Port's financial goals by continuing to maximize the facility for cruise and special events.

We still have the \$47 million phase II construction to take place. As I mentioned earlier, we have the highest number of cruise passengers ever in the Port's history next year. With the new terminal at Pier 27, we believe there will be more passengers, therefore more revenue for the Port.

This is a facility that provides great opportunity for special events. We need to get a management team in place soon to begin marketing and booking reservations. We're convinced that this will be a waterfront marquis location for conferences, weddings, corporate parties and the like at Pier 27, which will also generate new revenue to the Port.

Finally, by September 2014, we want to celebrate the opening of our cruise terminal to the world. To do this, we request your approval to begin negotiations with Metro Cruise as the highest-ranked respondent to the Port's RFP.

We will come back to the Port Commission this fall hopefully with a completed deal for your ratification. John and I, Elaine Forbes and Byron Rhett and a number of the team are here to answer any questions that you might have. Thank you very much.

Ed Ferris - I'm the secretary-treasurer of Local 10. The choice of a terminal operator at the Jimmy Herman cruise ship terminal is very important. It's critical to the future success of this port. This decision will have a significant effect and will directly impact the success of the cruise ship business here, and it will be for

many years to come. As such, it shouldn't be made quickly or without careful consideration. Whatever terminal operator you choose must make business decisions that promote labor peace instead of labor unrest. Labor unrest can quickly and significantly diminish the quality vacation experience for cruise ship passengers. For some passengers, this is their first experience with San Francisco, and it needs to be a pleasant and enjoyable one. While during the past few weeks we've had some nice discussions with your current terminal operator Metro, we have not fully received their sincere commitment to the ILWU. I'm concerned about labor unrest in the future. We would respectfully request that you hold off on this authorization of a management agreement negotiation to begin for at least a month and allow us to continue to have forthright discussions and try to work out some of the details of our disputes. We certainly would like to be able to make your decision easier by formally endorsing a terminal operator. It's a very important decision. We just don't want our labor force, which is a direct stakeholder in this port, to not have our interests met. Thank you very much.

Mike Villeggiante - At the last meeting, you heard about we have had some labor disputes with Metro over the years and especially since 2008. We've sat down with Metro recently and tried to resolve this year some of those issues. It has to do with our jurisdiction. It has to do with our jobs and American jobs and keeping those jobs here for the locals. We are a partner with the Port of San Francisco and the citizens of the city. I'm born and raised in the city. It's very important that the city maintains maritime here. Part of it is with the cruise ship industry. Meeting with Metro over the last few weeks, they have assured me that they will continue talks going forward.

Some of the things that we have discussed and have agreed upon is getting back on these ships and doing what we do best is load and unload the passengers and the provisions and cargo that's being loaded on these ships. That's our main argument. Last year, we had a big blowout with Metro. It got resolved with them stating that it won't happen again. Now, it really doesn't concern in the sense of how we deal with them with you guys on the nitty-gritty parts of what's going on there but the issues had to do with jobs. ILWU is not going to allow anybody to take our jobs on these ships. So moving forward with the discussion, I think that the team that picked Metro picked the right stevedoring company. They were, by far, the better choice than MTC or Marine Terminal Corporations in my opinion also but these issues that we have that take place with labor unrest must get resolved. We're meeting with them and I was assured that we were going to continue to meet going forward. Going forward, I'd have to say being the president of Local 10, that I think this commission has to go forward to get business done because we are on a timeline. For sure, we are going to be at these meetings and meetings with Metro to make sure that none of these issues that are taking place that have to do with jobs and our jobs and American good jobs and to relate to it with Metro. We are communicating quite well going forward. Metro was the better choice of the two. I was awfully surprised that you only had two stevedoring companies bid on this because San Francisco, in our opinion, is the best place in this

country to come and visit. Metro is the best choice but we want to make sure, when we're going to forward, that we don't have any more labor issues with them.

Catharine Hooper - I am a maritime consultant. I am representing a couple of the cruise lines that have called in this port for over 45 years e.g. P&O, a British company, and Cunard. I think I can speak on behalf of many of the other cruise companies that have come here. Two great choices, and the panel that reviewed the two candidates picked the right person. For me, they are local and that means a lot to a port agent. A port agent does all the non-girly stuff like setting up pilots and tugboats and things like that. It's very important in this crazy world that we live in that we have locals because, although we are one country, ports are not one country. Every port in this great country of ours operates in a very different way. Having the local expertise of a company that already had credentials and has worked through some of the things that Mike and his colleague have brought up is very important to us as a port and us as an industry and representing the cruise line. One of our struggles these days is the cost of everything about bringing a ship to port. I am very pleased that Metro, who has earned their stripes, has been awarded the first step. The next step is up to the Port and the negotiations, which you've already passed. The James Herman cruise terminal, as Kimberly knows -- some of us that have been around for quite a while -- has been an ongoing wish for this port. We finally have a beautiful toy box, as Peter Dailey said. It's important that we have a company that knows how to operate in our very own port. Phase II is really important to the port for a great reason, and that is financial. We have got to get this facility up and running, allow the time to market it to bring in this extra enterprise of bringing in events on top of hopefully the ever-growing cruise industry. From a selfish point of view, I've been praying for this port to bring on this new terminal for a long time. I used to joke at some of the commission meetings, "I hope it happens before I end up in a wheelchair." Luckily, it looks like it's going to happen. To all of our stakeholders, to our executive director and your staff who worked so very hard to bring it to this point, kudos on behalf of everybody in this port and this city.

Commissioner Adams - First of all, when I came on this commission about nine months ago, I had a conversation with Director Moyer. She was concerned a little bit about the morale. There seems to be some tension down at the cruise terminal. We had a conversation. She was saying, "Willie, what do you think is wrong?" I reached out to try to find out what the issues were. I myself have been down there twice. I went down there as a commissioner and walked around because I wanted to see. Peter Dailey took me around, and I really wanted to see what was going on. Metro, the Port of San Francisco and ILWU, we're all stakeholders. We have to grow this cruise business. If there is some tension or there are some problems, we have to do it together. When we went down to Florida with Director Moyer and Mike Nerney, Mike Villegiante from Local 10 was there. That was the first time ever that the ILWU has traveled with the Port of San Francisco. I went to China with Peter Dailey and Jim Maloney, so we could show a united front, labor, the Port and management so we can grow.

The eyes of the world are on this port. We have an opportunity to do a lot of things. I personally think I haven't been involved in any of the negotiations, neither would I be because I'm the secretary of the international. If there's a problem, people have to sit down, all the parties and try to get things resolved because we've got work to do.

I made a commitment. President Woo Ho asked me when I got on the commission. I said I would travel with Metro, Princess Cruise Line, the Port of San Francisco, and the ILWU, whoever to promote this port. That's what I'm here to do.

I saw a YouTube video of a gentleman from Metro screaming at the top of his lungs. People in the docks, even the passengers heard it. I think there's a certain protocol how you're supposed to carry yourself as an individual.

I myself two meetings ago and people here can attest to that one of the gentlemen that worked for Metro made a reference to my dead mother. I didn't say a word about it. I'm bigger than that. But something is wrong when people have that kind of attitude and that kind of behavior. That's really unacceptable. I would encourage Stefan, Peter Dailey and Ed and Mike to sit down and try to resolve these issues. John Doll and everybody here did a great job. I went through the whole deal.

Metro, hands down, you were head and shoulders above Ports of America. I gave you your due. You know what? You fit into the culture here. At the meeting that I asked the two questions, Stefan, I asked you the question about what is the problem with you and the ILWU? Why aren't you getting along?

What did I say to Ports of America? I said, I'm disturbed by the fact that, down in L.A., you've got the bid and Metro is doing the stevedoring. I knew right then and there that Metro was the best company to do the stevedoring because, if you get the bid and you have someone else do the work for you, that shows you don't have a handle on it.

I would ask before you come back in September that the three parties get together because it's so unfair to the Port Commission. I've been on this commission for nine months. You knew this day was coming. You bring it up here to the commissioners when you need to sit down as men and resolve the issues. Negotiation is about give and take. You never get everything that you want. I'm saying that not only to my union, but I'm saying that to Metro and I'm saying that to the Port. Get this thing worked out. It's so unfair to the commissioners. We've got a new \$120 million facility. I want to go out with Metro and the Port of San Francisco. I want to double the amount of cruise ships coming into this port. On top of that, I want to work with Metro and with Jim and Peter, so we can build a state-of-the-art facility. I want China to invest some money in our port, in our city. Let's get these issues worked out, whatever they are, and come back. Let's move forward.

Commissioner Woo Ho – Thank you, Willie. I appreciate the comments that have been made. I just wanted to add that we echo Commissioner Adams' comments that we want these issues resolved. We want labor peace. I respectfully would say that today we're here to make a decision on whether Metro is the qualified bidder. You've heard a lot of testimony to say that they are the qualified bidder. This is not the final contract. We support that the parties should sit down and resolve these issues before any final contract is approved. What we're voting on today is whether Metro is qualified to commence contract negotiations. I am hearing that there is agreement that they are qualified to enter into contract negotiations. Some of the terms that have been raised by our labor partners, that we would continue to ask Metro, the Port and the unions to sit down and resolve this because it is important to have peace. I agree that you don't want passengers coming off the terminal feeling a lot of tension. We want to know that everybody is working here to welcome them to San Francisco and that everybody is in the right attitude and mood. We would encourage that. Based on that, I would like to ask the commission to vote to accept Metro as the qualified bidder.

Commissioner Brandon - I think the theme of today has been jobs. It's very important that we continue to create opportunities that will continue to bring people to the waterfront with these jobs. I do have a question regarding LBE goals if there are any.

Elaine Forbes, Deputy Director of Finance and Administration - This particular agreement falls outside of Chapter 21 so LBE goals were not set up front. If it had fallen inside, we would have to set the LBE goals upfront. Whether or not the respondents met those goals, they would have been deemed responsive or non-responsive. Because it's outside of 21B and the reason it is because leases are excluded. Also, this is a quasi-lease management agreement and the code focus is on payments from the city for services. Because of this agreement, the management operator will hold revenues and pay the Port a fee. It's excluded. However, in knowing the commission's desires, in the request for responses, we said that it is our intention that there will be a local business component and local hire as well. The goal will be determined as part of the contract negotiations very much like a development agreement. It will be at their option to agree with an LBE goal and a local-hire requirement.

Commissioner Brandon - Hopefully, when you come back in September since you are the most qualified to do this job, that we will have great news regarding LBEs and labor issues.

Elaine Forbes – I have to clarify that the LBE goals are codified or referenced in Chapter 12B, not 21B.

Commissioner Murphy – Definitely the numbers speak for themselves as far as Metro is concerned. I'd like to see this moved forward but also, I want to echo Commissioner Adams' comments about making the peace and getting all these

differences worked out before we get any deeper into this project. I think that's important.

Commissioner Katz - I also want to concur with my colleagues. The message has been sent loud and clear that working with labor is an important value in San Francisco. That's something we've prided ourselves on. San Francisco is known as a city that supports labor and its local workforce. As was mentioned earlier, it's important as well that we're so dependent on our tourism economy that we don't want to show labor strife to visitors when they come here. That is counterproductive to all that we're trying to accomplish. I hope the message has been sent that we are pleased that Metro did well in getting such high marks for its project, and we look forward to working with Metro. Equally, we hope that these issues can be worked out and resolved as we go through the negotiations moving forward.

Commissioner Woo Ho - Commissioner Adams already said it in the sense that the Port Commission shouldn't be where you get resolved the issues between the stakeholders. We're not part of that agreement directly. We urge you to resolve it and that we encourage that and we support, as Commissioner Katz said, and we hope that will be the case. We're not in a position to judge or set what the terms should be but we do expect that you will tell us how you can resolve this issue between the two parties going forward.

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution No. 13-25 was adopted.

12. NEW BUSINESS

Monique Moyer - I have the item from Commissioner Brandon on the youth employment, coming back with that from earlier discussion. Any other items or requests?

Commissioner Murphy - I want to convey a message from some of the people that traveled to Cork, Ireland with Monique, our director. They all said what a wonderful ambassador she is from the Port of San Francisco. They wanted me to give you this little present

Monique Moyer- Thank you very much. I appreciate that.

13. ADJOURNMENT

ACTION: Commissioner Brandon moved the motion to adjourn the meeting; Commissioner Katz seconded the motion. All of the Commissioners were in favor.

Commission President Doreen Woo Ho adjourned the meeting at 6:25 p.m.

